



TFSA Investors: This TSX Stock Is Unaffected by the Market Crash

Description

“Currently, all of Northland’s facilities remain unimpacted by COVID-19 and are operating normally.”

This is a line that most companies long to put out as a message to the public at this moment. COVID-19 has caused a multitude of businesses to halt operations, and companies that continue to run the business as usual, are oases in today’s desert landscape. **Northland Power** ([TSX:NPI](#)) provided a business update on the impact of the COVID-19 pandemic on its operations.

Northland is a global [renewable energy provider](#) that delivers predictable cash flows. Many of Northland’s facilities are deemed critical infrastructure. For example, in Northern Europe, the offshore wind projects provide over 1.0 GW of capacity, in Saskatchewan the power plants generate a significant portion of that Province’s energy and EBSA is the sole electricity distributor in Colombia’s Boyacá department.

“We are also very focused on ensuring our facilities continue to operate at high levels of availability, delivering the essential power that our off-take counterparties rely on and need. Together this will preserve the strong financial position and stability of our business,” said Northland President and CEO Mike Crawley.

From a financial perspective, Northland has ample liquidity, a strong balance sheet and given the relative stability of its revenue and free cash flow profile, the company currently does not anticipate changes to its 2020 financial guidance as a result of COVID-19.

Long-term power contracts

A majority of Northland’s revenue and free cash flow are backed by long-term power revenue contracts, with significant government support. The company has approximately \$600 million of cash and cash equivalents on hand as of February 28, 2020.

Northland's total available credit facilities amount to \$1.2 billion, with nearly \$500 million of available capacity as of February 28, 2020.

The \$1 billion revolver credit facility does not mature until June 2024. Approximately 95% of Northland's total debt is non-recourse, project-level debt. There are no significant immediate debt maturities other than \$150 million of convertible debentures, maturing in June 2020.

Construction activities at Northland's La Lucha solar project in Mexico are continuing under the expected precautions for COVID-19. The company successfully closed the previously announced Dado Ocean Wind Farm Co., Ltd. ("Dado Ocean") acquisition in South Korea after its initial announcement in February 2020.

The project is in early-stage development and includes multiple development sites located 35 kilometres off the southern coast of the Korean Peninsula. This project offers an opportunity to increase development capacity to approximately one gigawatt of offshore wind.

Northland also completed the acquisition of the NaiKun Offshore Wind Farm. The farm is located in the Hecate Strait off the coast of British Columbia, Canada and is in the early stages of development.

Northland stock is currently trading at just under \$27 currently. The stock has dropped less than 20% from its 52-week highs. It sports a solid dividend yield of close to 5% and is ensuring that it does everything to keep the lights on in its customers' homes and facilities.

Analysts have given it a target of \$31.5 in the long term. When you combine it with the dividend yield, it makes for a very attractive investment amid the coronavirus volatility.

CATEGORY

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