



Why This TSX Stock Is a Strong Buy Amid the Stock Market Crash

Description

The surge in COVID-19 cases shook financial markets across the globe. Investors lost a significant portion of their wealth due to the drastic fall in equities. However, the stock market crash presents an excellent opportunity to buy fundamentally strong stocks for the long term.

One such stock on my radar is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). Brookfield Renewable's defensive business will add stability to your portfolio. Meanwhile, its stable earnings and high forward yield is likely to generate steady income flow in the long term. Brookfield Renewable's diversified asset base and strong development pipeline bode well for growth. Meanwhile, the company's long-term power-purchase agreements act as a shield against large market swings.

Why buy Brookfield Renewable Partners stock?

Brookfield Renewable Partners is a pure-play renewable power company, which means that its business remains immune to economic cycles. The company's stock has been [resilient](#) to the recent stock market crash and decreased marginally as compared to a more than 21% drop in the broader market.

The scope for growth is enormous for Brookfield Renewable, as the power sector continues to be dominated by the conventional energy sources, and renewables form only a small part of it. Moreover, the gradual shift from fossil fuels to renewables acts as a tailwind for the company. Further, the company's capital-recycling strategy enables it to invest in high-yield opportunities. Under its capital-recycling strategy, the company sells the mature and non-core assets and re-deploys the proceeds in high-growth opportunities.

The demand for renewable electricity and its prices is likely to increase in the coming years, which is an encouraging sign for Brookfield Renewable. Brookfield Renewable has long-term power-purchase agreements, which guarantees future earnings. Moreover, these contracts are inflation-indexed, meaning it will continue to realize higher prices, which will support future margins and cash flows. The company's long-term power-purchase contracts have a weighted average life of nearly 13 years, ensuring stable future earnings.

Growing demand for power in Brazil and Colombia is likely to support electricity prices and, in turn, its profitability. Moreover, the only medium to buy and sell electricity in both these nations is through contracting, implying that the company will be able to capture higher pricing while re-contracting.

Brookfield Renewable recently acquired the remaining 38% stake in TerraForm Power, creating one of the largest pure-play renewable energy companies in the world. The deal is likely to boost Brookfield Renewable's funds from operations and fuel future growth.

Brookfield Renewable's stable cash flows allow it to boost shareholders' returns through a consistent increase in distributions. The company's distributions have grown at an average annual rate of 6% over the past 20 years. Moreover, the company expects its distribution to continue to increase at an annual rate of 5% to 9% in the future.

Bottom line

Brookfield Renewable's diversified and stable cash flows make it an attractive defensive bet. Further, its strong distributions profile ensures steady income in the long term. Brookfield Renewable stock currently offers a healthy dividend yield of 4.9%.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Energy Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/07/06

Date Created

2020/04/02

Author

snahata

default watermark

default watermark