



## Forget Oil: Buy This Skyrocketing ESG Stock!

### Description

Utility stocks are not really owned for growth. They are owned for stability, consistency, and dividends. They are boring stocks to own, but that is why every investor should own them. Regulated utilities are especially great to own in bear markets, because they provide a shelter of dividends and capital preservation for investors. The only problem is, they can seriously lag once the market turns bullish again.

Fortunately, there is a new breed of utilities. You might even call them “growtilities.” With a focus on clean power and renewable energy, they are breaking the stigma that utilities are “boring.”

### The renewable trend is only beginning

Global warming is now a serious concern to investors. Many institutional investors are moving investment strategies away from carbon-emitting sectors (like fossil fuel production, industrials, and mining) to those that are sustainable and environmentally proactive.

In January, **Blackrock**, the world’s largest asset manager, announced that [ESG \(environmental, social, and governance\) principals](#) have become the new investment criteria for all its investments. This is just the tip of the melting iceberg. Going forward, we can expect to see a lot more institutional money depart from oil stocks into renewable and ESG-orientated sectors.

### Northland is more than just a utility stock

One renewable energy stock that will benefit from this trend is **Northland Power** ([TSX:NPI](#)). It owns, operates, and develops sustainable, green power infrastructure across Canada, South America, Europe, and Asia.

61% of Northland's adjusted EBITDA is derived from offshore wind farms, 20% is from natural gas/biofuel plants, 8% is from a regulated utility, 6% is from solar operations, and 5% is from on-shore wind farms. Overall, the company produces over 2.6 GW of green energy.

## **Northland is expanding across the world**

Northland has acquired a particular level of expertise in developing off-shore wind farms. It has already developed three wind farms in Europe and is expanding significantly in Asia.

Currently, Northland has a 60% stake in a 1,044 MW development in Taiwan. It has a partnership to develop 600 MW in Japan. Lastly, it just purchased a South Korean off-shore power developer that creates an additional 1,000 MW of development opportunities.

Many coastal countries in Asia lack natural resources like coal or natural gas. Clean assets, like off-shore wind, are attractive and affordable power options. Yet building wind power projects in the middle of the ocean is not exactly easy. It requires specific developmental and operational expertise. Fortunately, Northland has established this expertise, and it can now deploy projects more efficiently across the globe.

## **Northland's stock has produced electric returns**

Accordingly, Northland has a nice growth runway for many years to come. If its past record is any indication of the future, investors should be pretty excited. The stock has produced some impressive returns.

Since 2015, adjusted EBITDA and free cash flow per share have increased 145% and 75%, respectively. In that same period, Northland's stock rose 90%. Combine that with dividends, and that is a sweet 15% average return.

Today, the quality of Northland's cash flow is better diversified and more consistent than ever. Its diverse assets, including the recently acquired regulated utility in Colombia, are creating consistent quarter-to-quarter returns for shareholders. Its global development pipeline will provide ample opportunities for expansion as the ESG trend continues.

## **Good for the environment and good for your wallet**

Right now, Northland pays a nice 4% dividend; however, that distribution should increase soon. Firstly, its 252 MW Deutsche Bucht wind farm just became fully operational on March 31. Secondly, its Colombia utility acquisition was fully completed in January. Management has projected these assets will boost 2020 adjusted EBITDA by about 35%. Shareholders could see a nice uptick in the second half of the year.

Northland Power is a utility, but it is not a boring stock. It has income and growth, and it is helping preserve the planet. By owning this [renewable energy stock](#), you help keep the planet green, and you get to enjoy a growing pile of green (money) in your pocket. You can't really ask for much more from this TSX renewable energy stock.

## CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

## TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

## PARTNER-FEEDS

1. Business Insider
2. Msn
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