



## 1 Top Canadian Utility Stock to Beat the Coronavirus

### Description

Even the coronavirus pandemic could do little to dampen the performance of **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). The renewable electricity utility, which for some time failed to unlock value from its assets, has been delivering solid numbers since 2017. It is also proving resilient to the coronavirus pandemic. Brookfield Renewable's strong defensive characteristics and the importance of electricity for powering modern economies and society.

### Solid results despite the pandemic

Brookfield Renewable reported some solid first quarter 2020 results, including a 1% year-over-year increase in actual power generation, which was also 0.8% greater than the projected long-term average for the period.

Despite announcing a 58% year-over-year decrease in net income for the first quarter, Brookfield Renewable's numbers were sound. The utility's normalized funds from operations (FFO), a better measure of its financial performance, grew by 5.5%. Brookfield Renewable finished the quarter with over US\$3 billion in liquidity with US\$294 million being cash on its balance sheet.

### Globally diversified assets

Like electricity utilities, Brookfield Renewable possesses a wide almost insurmountable moat, which, along with steep barriers to entry and considerable regulation protects its earnings. The certainty of the partnership is further enhanced by the inelastic demand for electricity.

Brookfield Renewable has built a high-quality contract portfolio for the sale of the electricity it produces with over 600 counterparties, further reducing the risks posed to its earnings. Notably, 95% of its revenue comes from contracted or regulated sources, further ensuring its stability, which is enhanced by the contracts having an average weighted contract life of 14 years.

Those characteristics will minimize the disruptive impact of the coronavirus pandemic on Brookfield

Renewable's earnings and financial position.

The diversification of Brookfield Renewable's operations, which sees it operating in 27 energy markets in 17 countries, further protects its earnings. This also allows it to benefit from strong growth in emerging markets such as Colombia and Brazil as well as the earnings stability of its U.S. and Canadian assets.

## Leading electric utility

The ongoing fight against climate change and clean energy targets will act as a powerful tailwind for Brookfield Renewable. That will be enhanced by the utility's re-contracting initiative where it is seeking to lock-in higher prices for the electricity sold, boosting margins.

Those attributes allow Brookfield Renewable to reward investors with a steadily growing distribution. It has raised that payment for the last 10 years straight to be yielding a juicy 4.5%. Brookfield Renewable's solid growth characteristics, liquid balance sheet and defensive attributes ensure the sustainability of the distribution. They also support the partnership's plans to grow it by 5% to 9% annually.

## Foolish takeaway

Brookfield Renewable remains a top investment with which to build long-term wealth. Over the last decade, the renewable energy utility has delivered a whopping 505% for a compound annual growth rate (CAGR) of 20% if the distributions were reinvested.

While past performance is no guarantee of further returns, this demonstrates the considerable gains ahead for investors.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

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

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1. Business Insider
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