



These 2 TSX Stocks Will Be Huge

Description

Oil and gas producers have been very widely held stocks for the past few decades. Historically, they have been responsible for powering homes, automobiles, and play a key part in the manufacturing process. However, the world is becoming more environmentally aware, and there has been a surge towards renewable energy.

Wind, solar, hydro, and thermal energy are becoming more prevalent. While **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) are both large-cap stocks, these two companies still have big opportunities for growth ahead of them.

A growing renewable energy producer

Algonquin has two subsidiaries within its umbrella. One of which, Liberty Power, operates 36 hydro, wind, solar, and thermal energy facilities around North America. The company plans to continue its aggressive expansion around the continent by developing new facilities, acquiring existing facilities, collaborating in existing projects that are missing assets that Liberty Power can provide, and by working with communities.

The most recent acquisition by Liberty Power was a utility network previously operated by **American Water Works**. The network was purchased for \$608 million and serves 125,000 customer connections across southeastern New York. The deal was finalized at the end of 2019.

Algonquin Power & Utilities is not currently trading cheaply. It has a trailing price-to-earnings ratio of 26.78. However, the company has been growing revenue and becoming more profitable over the past four years. The dividend-payout ratio is currently quite high, 76.22%, but its increased profitability may allow the ratio to become more attractive in the future.

One of the best-performing stocks in 2019

If the name Brookfield Renewable Partners sounds familiar to you, it is likely because you know its

parent company: **Brookfield Asset Management**. Brookfield Asset Management has a 60% stake in this renewable energy company. Brookfield Renewable Partners has a large portfolio of about 5,300 generating stations in North and South America, Europe, and Asia.

The company aims to deliver 12-15% annualized growth over the long term, including an annual increase of 5-9% in its dividend distribution. The company seems to be on track, with an annualized increase of 16% over the past 20 years. Much of this growth came in 2019, as its stock grew 61.8% over that period. The company is also listed as a Canadian Dividend Aristocrat, increasing its dividend for each of the past 10 years.

Brookfield Renewable Partners announced in late 2019 that the company would be splitting its stock into the current partnership (BEP) and a Canadian corporation (BEPC). The company believes that this move will increase liquidity, expand the investor base, and lead to broader index inclusion.

Regarding future growth, the company intends to invest more aggressively in the next decade. In addition, it believes that an increased penetration of renewable energy facilities will result in lower operational and development costs. This, in conjunction with increased investments, will allow the company to scale exponentially.

Foolish takeaway

Algonquin Power & Utilities and Brookfield Renewable Partners are two leading companies in the move towards increased adoption of renewable energy. The two companies have shown excellent performance and have plans to grow aggressively in the future. If you are searching for a future-proof investment, look no further.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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