



1 Renewable Energy Stock to Buy in Tough Times

Description

The ongoing global pandemic has suddenly heightened the uncertainties for businesses as well as for investors. It has sent [shockwaves through the global economic landscape](#) — raising questions about the future growth potential of many industries. In such tough times, investors are forced to ratchet back their risk appetite and invest in sectors with immense future growth potential. Let's take a closer look at why **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) could prove to be one such good investment option.

Expectations of handsome growth in the industry

Brookfield Renewable Partners is a Toronto-based renewable energy company. The renewable energy industry inarguably has a massive future growth prospect. The demand for renewable energy — including solar and wind energy — is likely to explode in the coming years. The [International Energy Agency expects](#) renewable power capacity to surge by 1,200 gigawatts between 2019 and 2024. The predicted rise shows nearly 50% growth from the current capacity and “is equivalent to the total installed power capacity of the United States.”

The shares of Brookfield Renewable Partners rose by 70.6% in 2019 as compared to a 19.1% rise in the **S&P/TSX Composite Index**. **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) — another Canadian energy company — rose by 33.8% last year.

Internal growth factors

In Q1 2020, Brookfield Renewable Partners reported a 4% YoY (year-over-year) decline in its total revenue to US\$792 million. While the company's solar segment revenue increased, its hydroelectric and wind segment revenue fell in the last quarter. Nonetheless, the total revenue was significantly better as compared to analysts' estimates of US\$679.3 million.

Despite lower power prices in North America, Brookfield Renewable Partners's revenue from the region rose in the first quarter. The company's management expects the revenue to improve going

forward — with the help of 17 contracts it signed in Latin America in Q1.

In the same quarter, Algonquin Power & Utilities's total revenue fell by 2.6% YoY to US\$464.9 million. With this, the company also missed Wall Street analysts' estimate of US\$562.2 million by a wide margin. In its first-quarter earnings report, the company's management also highlighted uncertainties due to unfavourable changes in weather and the ongoing pandemic. These uncertainties forced Algonquin Power & Utilities to revise the fiscal year 2020 earnings guidance range from US\$0.68-US\$0.70 to US\$0.65-US\$0.70.

Note that Algonquin Power & Utilities has total power assets of about US\$11 billion as compared to power assets worth US\$48 billion owned by Brookfield Renewable Partners.

Foolish takeaway

As of June 12, Brookfield stock is trading with just a 3.8% rise on a year-to-date basis against an 11.8% drop in the TSX Composite benchmark. Meanwhile, Algonquin's shares have remained nearly unchanged, as they have gone down by 0.7% this year so far.

While Algonquin Power & Utilities has missed analysts' revenue estimates in the last 13 quarters in a row, Brookfield Renewable Partners posted better-than-expected revenue in Q1 after missing the forecasts in the previous couple of quarters. This could just be the start of a positive high-growth trend in Brookfield Renewable Partners's revenue as it already has many under-construction projects across the globe — including in China, Brazil, Spain, Japan, and North America.

Also, the company's huge power assets could help it to grow faster than its peers, as the demand for renewable energy picks up in the coming years. Considering the significant growth potential in the renewable energy sector, you may want to buy Brookfield Renewable Partners stock for the long term.

CATEGORY

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

2025/08/25

Date Created

2020/06/12

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