



A Solid Dividend and 3 More Reasons to Buy This Stock

Description

The fears of an upcoming recession triggered by the COVID-19 outbreak continue to hurt investors' sentiments across the world. In such difficult times, most investors tend to look for low risks investment options that can also yield good positive returns. In [my recent article on June 12](#), I'd discussed why **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) could prove to be one of such great investment options. Since then, its stock has already risen by 6.7%. Now, I'll give you more reasons — that I didn't discuss in my previous article — to own this excellent energy asset company's stock.

Well-diversified business

A company's sole dependence on a single revenue stream or a particular geographical market increases the risks. Brookfield Renewable Partners's business is well diversified in multiple energy segments as well as geographically — reducing its risk of relying on a single market.

In the March 2020 quarter, 49% of the company's revenue was from the hydroelectric segment, and about 18% of it came from renewable energy — including wind and solar segments. It generated another 6.2% of its revenue from the energy storage segment.

During the same quarter, Brookfield Renewable Partners received 37.8%, 31.2%, and 11.4% of its revenue from the U.S., Colombia, and Canada, respectively. Its remaining revenue came from other geographies such as Brazil, Europe, and Asia.

Merger with TerraForm Power

In March 2020, Brookfield Renewable Partners [announced](#) its merger with **TerraForm Power** — the U.S. renewable energy firm. Brookfield Renewable and its affiliates already owned nearly 62% stake in TerraForm Power. As per the agreement in March, Brookfield Renewable acquired all the remaining Class A common stocks of TerraForm Power.

Brookfield Renewable expects this merger to help it further diversify and expand the business in North

America and Europe. I believe the merger is likely to help Brookfield Renewable grow faster, as the demand for renewable energy starts surging rapidly in the next few years.

Strong profitability

It's not easy to find a company with a combination of well-diversified business segments and excellent profitability. However, Brookfield Renewable Partners's business is also highly profitable — along with the business diversification that we discussed above.

In the first quarter, Brookfield Renewable's adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) stood at US\$618 million. It fell by 5.2% on a year-over-year basis on the one hand and rose by 12.4% sequentially on the other. Moreover, its solid 78% adjusted EBITDA margin for the quarter highlighted the company's excellent profitability — irrespective of the ongoing difficult times.

Foolish takeaway

Apart from these positive factors, Brookfield Renewable Partners also reward its investors with a solid 4.5% dividend. In 2019, its dividend stood at US\$2.08 per share. The company is targeting a 5-9% annual growth in its cash distributions this year.

As of June 23, Brookfield Renewable Partners stock has risen by about 11% this year so far. In contrast, the **S&P/TSX Composite Index** has lost nearly 9%. I would encourage you to consider buying its stock — on dips — for long term.

CATEGORY

1. Energy Stocks
2. Investing

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. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/09/22

Date Created

2020/06/23

Author

jparashar

default watermark

default watermark