



TFSA Investors: Double Your Investment With This Large-Cap TSX Stock

Description

The pandemic and ensuing lockdown continue to take a heavy toll on global economies. Consumer and enterprise spending are down in every sector, and most companies have come out bruised and battered on the other side of the lockdown. However, there are a few gems in the stock market that have used this time to strengthen their moats and increase sales, EBITDA, and profits.

Northland Power ([TSX:NPI](#)), a renewable energy player, is one such company. The company's sales increased by 25% from \$344 million to \$429 million for the second quarter of 2020 from the same period in 2019. EBITDA was up 17% from \$194 million to \$227 million, and gross profit increased 20% from \$322 million to \$386 million. Northland's offshore wind facilities generated 10% more power (65 GWh) compared to 2019.

The company owns and operates an energy portfolio comprising natural gas, wind, and biomass power companies in Canada, Europe, and South America. The company currently generates 2,681 MW of electricity with another 1,044 MW in advanced development stages. Its utilities segment in Latin America is regulated, serving 480,000 customers.

According to an [investor presentation](#), published in May this year, Northland Power's operating capacity has increased at a growth rate of 19% per year since 2014, while EBITDA is up 145% since 2015. This growth has more than doubled its stock price in the last five years.

Steady future growth

All of Northland's facilities are deemed essential and will operate without fear of a stoppage. The company's financial guidance for 2020 remains unchanged, and it expects EBITDA between \$1.1 billion to \$1.2 billion for the year.

Governments across the world are moving towards renewable power, and private companies like Northland are in a prime position to take advantage. Offshore wind expansion is becoming abundant in new geographies. As the years go by, [demand for renewable energy](#) will increase, and there will be more infrastructure required for the same.

Northland said, "As the world continues to transition to green energy, we see considerable opportunities ahead of us in the coming years for our business to grow. We have established a local presence in multiple global regions through our regional development offices and have bolstered our capabilities to compete."

It added, "To put this into perspective, our offshore wind objectives in Asia, the projects we have identified present nearly 2.6 gigawatts of growth potential for us and could double the amount of current generation capacity for the company. We also look to leverage our existing platforms that we've established now in Latin America to source further growth opportunities in Colombia and Mexico."

Northland stock used to trade at \$32.6 pre-pandemic before falling to \$23 in March. It is now 10% over its February price and it sports a forward dividend yield of 3.27%. This is a stock that delivers investors a fortune if invested in early.

The Foolish takeaway

We can see why Northland Power stock is an ideal bet for your TFSA (Tax-Free Savings Account). A TFSA is a Canadian registered account where withdrawals are exempted from federal taxes. The TFSA contribution limit for 2020 stands at \$6,000. If you invested \$6,000 in NPI stock five years back, it would have returned close to \$14,000 today.

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1. Dividend Stocks
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