Forget Facedrive: Buy These Top Green Energy Stocks Instead

Description

Political leaders have been increasingly focused on the climate change question to kick off the 2020s. The recent Canadian federal election highlighted the importance of this issue among voters. A recent Angus Reid survey revealed that 18% of respondents listed climate change as their top issue this election. The focus on reducing emissions has also sparked runs for stocks like **Facedrive** (TSXV:FD). Today, I want to discuss why I'd avoid Facedrive and focus on green energy stocks that boast stability and nice income.

Why Facedrive has been highly volatile in September

Facedrive aims to offer a socially responsible transportation network. It aims to achieve this through verticals like ridesharing, food delivery, health tech services, and even an e-commerce platform. Of course, building a green transportation network from the ground up is an extremely challenging task. Moreover, the company must contend with giants like **Uber** and **Lyft** that are also offering green alternatives to their consumers.

In March, I'd discussed why Facedrive was an exciting stock but a dangerous gamble for investors. Shares of this stock have plunged 91% since late March. Last month, one of its founders resigned as chief executive and chair. Imran Khan, another co-founder, said in September that the company was mulling bankruptcy.

Canadian investors should turn their attention to some of the top green energy stocks available on the TSX. These equities offer that socially responsible alternative while boasting stability and income.

Here's why I'd buy these green energy stocks instead

TransAlta Renewables (TSX:RNW) is a Calgary-based company that develops, owns, and operates renewable power-generation facilities. Shares of this green energy stock have dropped 13% in 2021 as of close on September 23. However, the stock is up 22% year over year.

The company suffered a dip after the August release of its second-quarter 2021 results. Comparable EBITDA dropped $18 million from the prior year to $97 million. Meanwhile, adjusted funds from operations (AFFO) plunged $26 million to $64 million. It revised its outlook downward for the full year in response to outages at its Sarnia location and lower wind production. Regardless, these short-term events are not expected to impact its positive long-term cash generation.

Shares of this green energy stock last had a price-to-earnings ratio of 38, which puts TransAlta in favourable value territory relative to its industry peers. Better yet, it offers a monthly dividend of $0.078 per share. That represents a solid 4.7% yield.

Algonquin Power (TSX:AQN)(NYSE:AQN) is another green energy stock I'd look to buy instead of Facedrive. Its shares have dropped 7.2% in the year-to-date period. The stock is still up 3.2% from the same time in 2020.

In Q2 2021, the company delivered revenue growth of 54% to $527 million. Meanwhile, adjusted EBITDA climbed 39% to $244 million. Algonquin was bolstered by projects that were placed in service in August 2020. Moreover, it has benefited from its aggressive acquisition strategy. Adjusted net earnings rose 93% year over year to $91.7 million.

This green energy stock possesses a very attractive P/E ratio of 10. It last paid out a quarterly dividend of $0.171 per share, which represents a 4.4% yield. I'd look to own both top green energy stocks over the volatile Facedrive as we move into October.

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