



Is Brookfield Renewable Partners Stock a Buy Right Now?

Description

Shares of **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) are currently trading 22% from all-time highs. BEP stock has lost momentum due to rising interest rates and a challenging macro environment, valuing the company at \$31.5 billion by [market cap](#).

Brookfield Renewable is one of the largest pure-play renewable power platforms globally. Its portfolio consists of wind, solar, hydroelectric, and storage facilities in North America, Asia, Europe, and South America.

Brookfield Renewable is one of the largest players in the [clean energy space](#) and continues to expand its base of cash-generating assets. Let's see if BEP stock is a good buy right now.

The bull case for Brookfield Renewable Partners

The trends driving global energy transition are accelerating due to the focus on net-zero ambitions and energy security. It's likely the current environment will continue to favour companies, such as Brookfield Renewable, that are well capitalized and globally diversified.

BEP's renewable capacity is supported by a strong contract profile and best-in-class assets. It has a proven growth strategy that combines operating expertise with capital discipline, which has allowed the company to target annual shareholder returns of between 12% and 15% each year.

In the last two decades, the stock has returned 518% to investors. After accounting for dividends, total returns are closer to 2,600%, easily outpacing the broader market. Despite these market-thumping gains, Brookfield Renewable offers investors a tasty dividend yield of 3.3% to investors. It also expects to increase dividend payouts between 5% and 9% annually in the future.

Brookfield Renewable has a sustainable payout ratio of 76%, which is also close to its long-term target of 70%, providing it with some room to retain earnings and finance expansion plans. Armed with a strong balance sheet and reasonable debt, the company ended the second quarter with over US\$4 billion in liquidity.

Brookfield's investment-grade balance sheet provides it access to diverse capital sources, ensuring significant downside protection. In 2022, Brookfield Renewable aims to deploy US\$4.5 billion of capital across battery storage, carbon capture, distributed generation, and utility-scale wind and solar verticals.

What's next for BEP's stock price and investors?

Brookfield Renewable Partners emphasized its distributed generation business is a major driver of cash flows. In the last year, it has more than tripled its U.S. distributed generation business to 6,500 megawatts via channel partnerships, joint venture agreements, and strategic partnerships.

The company recently agreed to acquire a leading distributed generation developer in the U.S. for US\$700 million. The target company has 500 megawatts of operating and under construction assets in the U.S. and an additional pipeline of 1,800 megawatts.

In its shareholder letter, BEP explained, "With capabilities and scale across all our core regions, we are well positioned to keep growing and provide our customers with innovative decarbonization solutions across multiple markets. This will help our partners meet their sustainability targets while reducing operating costs through onsite renewable energy and other decarbonization services."

Brookfield Renewable stock is trading at a discount of 12% compared to average analyst price target estimates. After accounting for its dividend yield, total returns will be closer to 15%.

Given its predictable cash flows, strong financials, and wide economic moat, Brookfield Renewable Partners should be part of your equity portfolio in 2022.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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