3 Renewable Energy Stocks That Are Too Cheap to Ignore

Description

The ongoing pullback in equities has driven share prices toward multi-year lows. But it also allows you to buy undervalued stocks that have the potential to derive outsized gains over time. Investors can now aim to buy shares of companies that are part of rapidly expanding addressable markets, such as those operating in the clean energy space.

Here, we'll look at three such renewable energy stocks that are too cheap to ignore right now.

Brookfield Renewable Partners

A clean energy giant, **Brookfield Renewable Partners** (TSX:BEP.UN), has already generated market-thumping gains for investors. In the last 10 years, BEP stock has returned close to 350% to shareholders after accounting for dividends. Down 37% from all-time highs, BEP also offers investors a dividend yield of 4.5%.

Brookfield Renewable has a wide portfolio of clean energy assets, including wind, solar, and hydro in addition to energy storage facilities. These assets generate steady cash flows that are also backed by long-term PPAs, or power-purchase agreements.

Brookfield Renewable aims to increase dividends between 5% and 9% annually in the long term, on the back of robust organic growth as well as highly accretive acquisitions and development projects.

BEP currently has a combined capacity of 24 gigawatts and is on track to almost triple this capacity in the upcoming decade. Currently, BEP stock is priced at a discount of 25% compared to average price target estimates.

TransAlta Renewables

A TSX stock that pays investors a monthly dividend, **TransAlta Renewables** (TSX:RNW) offers a dividend yield of 7.6%. TransAlta is focused on providing stable, consistent returns to investors by investing in highly contracted renewable and natural gas power-generation facilities.

These investments provide TransAlta with predictable cash flows on the back of long-term contracts with investment-grade counterparties.

TransAlta Renewables is among the largest generators of wind energy in the country. It has a diversified asset base with a presence in the Americas and Australia.

Priced at 16.6 times forward earnings, TransAlta Renewables is quite cheap, given it is well poised to benefit from multiple secular tailwinds in 2023 and beyond.

RNW stock is trading at a discount of 15% to consensus price target estimates. After accounting for dividends, total returns will be closer to 22%.

Northland Power

Another pure-play renewable energy company, **Northland Power** (TSX:NPI) develops, builds, and operates green power projects in the Americas, Europe, and Asia. Its portfolio includes wind, solar, hydro, biomass, and natural gas, which are backed by power purchase and revenue agreements. It already has controlling or minority interest in 27 facilities, allowing it to increase its capacity to 3.2 gigawatts.

Northland Power has expanded its presence in the Americas as it entered an agreement with EBSA in 2019. EBSA is a Columbia-based utilities company with more than 500,000 customers.

Since 2015, Northland Power has doubled its revenue, and in the last nine months, its top line has surged by 29.9% year over year. With operating margins at the top percentile compared to other utility peers, NPI is on track to improve earnings by 215% year over year in 2022.

Priced at less than 17 times forward earnings, NPI stock is also cheap and currently offers shareholders a dividend yield of 3.2%.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
2. TSX:NPI (Northland Power Inc.)
3. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn

5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date
2025/06/27
Date Created
2023/01/24
Author
araghunath