



1 Top TSX Renewables Play to Buy Today

Description

Investors seeking value and growth in the energy sector have a difficult task on their hands today. Indeed, as energy prices have run higher, so too have the valuations of many energy stocks. Companies like **Innergex Renewables** ([TSX:INE](#)) provide investors with a top renewable [play](#) in today's market, perhaps more so.

That said, I see [tremendous value](#) in this sector relative to its growth potential. Innergex is among the stocks I'm watching right now.

Here's why.

Renewables demand is only likely to increase

Today's higher energy price environment poses an intriguing value proposition for renewable energy. Indeed, relative to fossil fuels, renewables plays like Innergex have never looked so fairly valued. Rising energy prices are a broadly bullish catalyst for renewables, as these companies are priced relative to where energy prices stand. Accordingly, I think this is a sector with strong near-, medium-, and long-term potential.

Over the longer term, renewables demand should outperform. I think today's expectations for renewable energy adoption are too modest. In fact, I think renewables will continue to be the primary focus of investment from government, institutional, and retail investors looking to invest in a brighter and more sustainable future.

For companies like Innergex, this is the perfect storm. The company's focus on developing wind and solar energy at scale is intriguing to long-term investors betting on this demand catalyst. Indeed, with more portfolios seeking positive environmental impact, I expect we'll see companies like Innergex gain traction as far as capital appreciation goes.

Growth prospects bullish

In order to meet this outsized future demand, Innergex is making all the necessary investments today to be in a position to do so over the long term. The company has purchased the remaining 50% stake in Energia Llaima, a \$1.7 million deal. The company's ability to increase production over time will be dependent on Innergex continuing to grow its production base. I think this is a likely scenario over the near- to medium-term.

The company's fundamentals allow Innergex to do so. Analysts continue to raise their target prices on Innergex, as the company continues to churn out improved numbers. I expect the inclusion of additional production, as well as better unit economics over the long run to contribute to more capital appreciation and growth for investors.

Bottom line

Renewable energy really is the place to invest. For long-term investors seeking a niche growth segment in the energy space, renewables are probably the only place to look. Indeed, among its peers, Innergex has a business model which appears to be worth considering.

I think capital inflows into renewable energy have only started to pick up momentum. Should this trade continue for the coming decades, as I expect it will, investors could do very well with holding shares of Innergex.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. green energy
2. growth
3. growth stocks
4. investing
5. market
6. renewable energy
7. Stocks

TICKERS GLOBAL

1. TSX:INE (Innergex Renewable Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing

Tags

1. green energy
2. growth
3. growth stocks
4. investing
5. market
6. renewable energy
7. Stocks

Date

2025/06/28

Date Created

2021/07/19

Author

chrismacdonald

default watermark

default watermark