This Pipeline Stock Is Overflowing With Important Investor News

Description

Often overshadowed by its larger, headline-hogging peers **Enbridge** (TSX: ENB) and **TransCanada** (TSX: TRP), **Pembina Pipeline** (TSX: PPL) often slips below our investing radar. Today we're going to catch up with Pembina, as the company has issued three major press releases over the last week.

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Earnings round-up
Last week, Pembina announced excellent second-quarter results, posting year-over-year gains for several key metrics:

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Revenue increased from $870.9 million in 2012 to $1.175 billion this year. Operating margin popped 40% to $207.8 million, and gross profit and adjusted EBITDA increased approximately $15 million and $59 million, respectively. These results were driven by operating margins in the midstream segment, which were up approximately $34 million over last year. Earnings per share were also up, from $0.28 in 2012 to $0.30 this year.

These results are especially impressive because this marks the first year-over-year quarterly comparison that comes post-merger. Pembina officially completed its acquisition of Provident Energy on April 2 of last year.

Though Pembina is smaller than its midstream rivals — TransCanada posted basically double the revenue of PPL in the second quarter — every single business unit reported a year-over-year increase in operating margin. Neither TransCanada nor Enbridge could claim the same in the second quarter.

Up goes the dividend
On the strength of its excellent quarter, the company increased its dividend for the first time since May of last year when it raised payouts from $0.13 to $0.135. Investors are seeing a similar increase this time around, as the company boosts its dividend 3.7% to $0.14. Remember again that Pembina is one of the few companies that issues a monthly dividend.

At the time of this writing, Pembina is sporting a dividend yield just shy of 5%.

Forward, march

Of course, the fate of future earnings releases and dividend increases relies on the company's continued ability to execute on growth projects. That's why investors were happy to see Pembina's recent announcement that it plans to construct, own, and operate a natural gas plant in Alberta.

The Musreau II plant will have a capacity of 100 million cubic feet per day, and Pembina will also operate the natural gas gathering system that will feed the plant, which is expected to be up and running by the first quarter of 2015. The best part about this deal is that 100% of the plant's capacity is already contracted by area producers.

Pembina's current gas processing capacity is about 570 Mmcf per day. The addition of Musreau II and three other expansion projects should bump that up significantly by the end of 2015 to a capacity of 1.2 billion cubic feet per day.

Bottom line

There is a lot to like at Pembina right now. The company has a solid dividend yield and is on track with its organic growth efforts after a major acquisition last year. If it wasn't on your radar before, it should be now.

If you're looking for a few more dividend stocks to put on your radar, you might want to consider the 13 high-yielders we put together. Click here for our free list of winners.

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Fool contributor Aimee Duffy does not own shares of any companies mentioned.

CATEGORY

1. Investing

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1. TSX:ENB (Enbridge Inc.)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:TRP (TC Energy Corporation)

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