



One Stock to Hold for the Next 5 Years: Pembina Pipeline Corp.

Description

Canadian pipeline companies have, for long, been a great source of steady dividend. One company that's proved to have a steady record (to say the least!) is **Pembina Pipeline Corp** ([TSX: PPL](#))([NYSE: PBA](#)).

Its shares have been on a steady uphill climb in the past year and since it has pulled back a little from its 52-week high, and if you've got the stock into your portfolio, I think this is one to hold on to for the next three to five years. Here's why.

First, the company has huge growth potential with the number of energy deals it announced at the beginning of the month. It will be building a West Coast propane export terminal in Portland, Oregon and has also acquired an ethane pipeline in North Dakota. Additionally, the company says it plans to develop a 37,000-barrel-per-day export facility in Portland's port worth roughly US\$500 million. With about over \$3.5 billion infrastructure expansion contracts, Pembina continues to have great long-term growth prospects.

Secondly, the stock is up almost 70% from the same time last year. The company has projected dividend for 2015 at \$1.78. When compared to its 2005 rate of \$1.05, that's an annualized growth rate of 5.4%. The increasing number of higher quality contracts helps cement this growth forecast. Pembina has proved to be a leader in an industry with high barriers to entry. The company transports 50% of Alberta's conventional crude and 30% of Western Canada's NGLs.

Pembina is also in a position to pick and choose its contracts, allowing the company to improve the quality of its service contracts.

Many stock market enthusiasts may argue the stock is overvalued and too expensive. This is true to a certain extent. Given the company's performance and guidance, I think it's the price one pays for quality. But if you already hold the stock in your portfolio, my advice is to hold on to it tight for a few more years.

CATEGORY

1. Energy Stocks

2. Investing

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2. TSX:PPL (Pembina Pipeline Corporation)

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