



## A Top Utility for Long-Term Investing Today

### Description

A top utility owns a diversified portfolio of high-quality assets that generate a growing cash flow, and it should pay a juicy and growing dividend. **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has all that and more!

It is priced at a reasonable valuation today. And management owns about 30% of the company, so its interest is aligned with shareholders'.

### Excellent assets

Brookfield Infrastructure owns long-life, high-quality assets including utilities, energy, transport, and communications assets.

Its utilities consist of a regulated terminal, about 11,100 km of electricity transmission lines, and roughly 2.6 million connections to distribute electricity and gas. Its utility assets span six countries, including Australia, Canada, the United States, Chile, Colombia, and the U.K.

Its transport infrastructure comprises large rail operations consisting of about 9,900 km of tracks in Brazil and Australia, 11 toll roads totaling roughly 3,300 km in South America, and 33 ports in North America, the U.K., and Europe.

Brookfield Infrastructure also transmits, distributes, and stores energy. On top of that, it provides services to the media broadcasting and telecom sectors in France.

### Stable, growing cash flows

Brookfield Infrastructure has 90% of its cash flows either contracted or regulated, so they're very stable.

It gets 42% of its cash flow from its Transport segment, 41% from its Utility segment, 9% from its Energy segment, and 8% from its Communications Infrastructure segment.

Its cash flows are also diversified geographically. Australia and Europe both contribute 32%, South

America contributes 26%, and North America contributes 10%.

## **Dividend**

Brookfield Infrastructure pays a U.S. dollar-denominated distribution. At \$54.40 per unit, the utility offers a strong distribution yield of 5% (based on a foreign exchange of US\$1.20 to CAD\$1).

Currently, it pays out 68% of its cash flows, and it targets to maintain a payout ratio of 60-70%. So, Brookfield Infrastructure's above-average yield has a margin of safety.

## **Conclusion**

Brookfield Infrastructure generated annualized returns of about 16% and 23% in the last three- and five-year periods, handily beating the market that returned 7-10%. Going forward, the company will continue to look for acquisition opportunities to create more value on top of organic growth.

Brookfield Infrastructure's high-quality infrastructure assets generate stable cash flows, have high margins, and have strong organic growth prospects. The top utility has global access to infrastructure investments, so it'll always invest with the best risk-adjusted returns.

In fact, in its March presentation, the company said that it thinks it's worth US\$51 per unit, or \$61 per unit on the Toronto Stock Exchange (based on a foreign exchange of US\$1.20 to CAD\$1).

So, Brookfield Infrastructure shares have a margin of safety of about 10%.

If you're looking for a high-quality, long-term investment with a balance of income and growth, consider Brookfield Infrastructure today.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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