

## Why Brookfield Infrastructure Partners L.P. Appreciated 7% in 1 Day

### Description

It's uncommon for a stable utility such as **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) to appreciate 7% in a day. So, let's take a closer look.

The Canadian market was closed on Monday in observance of the civic holiday. While the Canadian market rested, Brookfield Infrastructure stock appreciated ~3% on the New York Stock Exchange.

On Tuesday, the shares continued marching higher 3.7% on the American exchange. And so the 7% move on the Toronto Stock Exchange was essentially the cumulative appreciation of Monday and Tuesday.

Brookfield Infrastructure didn't come out with any news on Monday or Tuesday. So, what moved the stock?



### Second-quarter results

The most recent news from the company was its second-quarter results which was released on August 3. The report showed that the quality, diversified infrastructure business was chugging along just fine.

But the stock didn't move higher on Friday, which makes me suspect that experts in the industry may have had taken off early on Friday to celebrate the long weekend.

Brookfield Infrastructure's funds from operations (FFO) per unit was US\$0.80, which was 19.4% higher than it was in the same quarter a year ago. The FFO per unit for the first half of the year was US\$1.51, which was ~11.8% higher than it was in the same period in the previous year.

Sam Pollock, the CEO, surely sounded optimistic: “2017 is shaping up to be another strong year for our business ... With a significant committed backlog of organic growth projects that currently stands at \$2.4 billion, and a robust pipeline of projects under consideration, we have good visibility on growth for the remainder of the year and beyond.”

### **Pending acquisitions**

Other than the US\$2.4 billion of organic growth projects, Brookfield Infrastructure also has two pending acquisitions, including US\$200 million of investments for over 40,000 telecom towers in India from Reliance Telecom and a high-quality Peruvian water irrigation system for ~\$15 million.

### **Other developments**

In the second quarter, Brookfield Infrastructure added more contracted households to its French telecom business, totaling 195,000 households. And there's further room for growth.

The company also reduced its leverage by paying down some debt and refinancing at a favourable rate. This improved the company's credit ratings.

### **Distribution safety**

With the payout ratio of the first half of the year sitting at ~70% and visible growth from internal projects and acquisitions, unitholders can expect Brookfield Infrastructure to continue its streak of distribution growth. Management aims to grow its distribution by 5-9% annually. Currently, the stock offers a yield of ~4%.

### **Investor takeaway**

Brookfield Infrastructure is a great business that investors can partner with for the long haul. However, the shares look extended after the move up and would be a better buy on dips or consolidations.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

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

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