



## Why This Pipeline Stock Popped +3% on Friday

### Description

While [Enbridge shares have been dragged down](#), another pipeline stock has gone up in the last year. Specifically, **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) shares have appreciated ~13.5% in the last 12 months, though not without volatility.

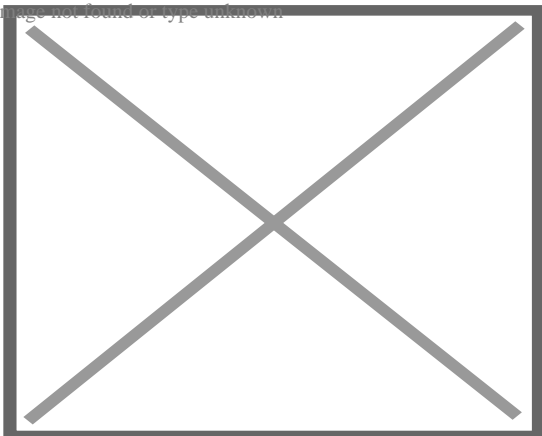
### Strong results

Pembina stock was pushed up ~3.2% higher on Friday thanks to its strong third-quarter results. Overall, the company saw 12.1% higher sales volume compared to the same quarter in 2016.

Specifically, Pembina's conventional pipelines revenue volume increased 21.3% to 780 million barrels per day, its oil sands and heavy oil contracted capacity increased 8.7%, and its gas services revenue volumes grew 14.8% to 1,024 million cubic feet per day. Its midstream natural gas liquids sales volume was the only area that saw a decline. Pembina's strong overall results translated to operating cash flow per share growth of 21.9%.

In the first three quarters, Pembina's sales volume increased 10.4%, and its operating cash flow per share increased 24.4% compared to the same period in 2016.

Image not found or type unknown



## The growth story

This is what Mick Dilger, Pembina's president and CEO, said in the third quarter press release:

"...since the beginning of 2015, we have placed over \$5 billion of new fee-for-service assets into service. The largest component of this growth program [was] placed into service at the end of the second quarter. The third quarter of 2017 represented the first full quarter of cash flow contribution from these assets — which we continue to expect to ramp up over future quarters. Pembina's robust financial position provides a strong platform to pursue our next suite of growth projects."

The new assets going online allowed Pembina to set record revenue volume for its conventional pipelines segment. As volumes ramp up from the new assets, the company should generate higher operating cash flow on a per-share basis.

Let's not forget that in early October, Pembina closed the acquisition of Veresen, which is transformative for the company. Mr. Dilger said, "With increased size and scale, greater diversification and a broader service offering, the future is bright for Pembina. Going forward, we are capable of pursuing expanded growth opportunities in support of continued value creation for our shareholders."

Going forward, Pembina will focus on executing its growth plan and integrating Veresen, from which it expects to achieve synergies of \$75-100 million on a run-rate basis.

## Dividend increase

Management instilled confidence by raising the company's dividend a second time this year after closing the Veresen acquisition. Pembina's monthly dividend is 12.5% higher than it was a year ago. The company has increased its dividend for five consecutive years so far, and it looks like it will continue doing so in the foreseeable future.

## Investor takeaway

The street consensus at **Thomson Reuters** indicates a mean 12-month price of \$49.80, or ~12% upside potential on Pembina stock. Pembina currently offers an above-average dividend yield of almost 4.9%, which should continue growing at a rate of at least 5% for the next few years. It is the kind of [dividend company that you want to buy on future dips](#).

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **Date**

2025/08/07

### **Date Created**

2017/11/06

### **Author**

kayng

default watermark

default watermark