



TFSA Investors: Time to Buy Pembina Pipeline Corp. (TSX:PPL)?

Description

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) is on a roll after its Veresen acquisition.

Let's take a look at the Calgary-based energy company to see if it deserves to be in your [portfolio](#) today.

Assets

Pembina is an integrated transportation and midstream service provider primarily operating in western Canada.

The attraction for investors is the diverse asset base all along the hydrocarbon value chain, including pipelines, gas gathering and processing facilities, and an oil and natural gas liquids (NGL) infrastructure and logistics group. The different segments enable Pembina to secure contracts on a full range of midstream and marketing services.

Growth

Pembina is moving ahead with a number of growth initiatives, including its \$280 million Phase VI Peace Pipeline expansion, which could be in operation in early 2020.

Phase IV and Phase V are underway and scheduled for completion later this year.

Pembina is also evaluating a \$2 billion (\$1 billion net to Pembina) capital investment in its 50%-owned Alliance Pipeline system. Pending approvals, the project could be in service by the end of 2021.

On the facilities side, Pembina is spending \$120 million to expand capacity at its Empress extraction plant. That project should begin generating revenue by the end of 2020. In addition, Pembina is making progress on a number of other developments, including an ethane storage facility, a liquefied petroleum gas (LPG) export terminal in British Columbia, and the Duvernay II gas processing project. All three should be completed through mid 2020.

The company's marketing and new ventures group is also working on some interesting projects, including the proposed LNG export terminal in Oregon and related pipeline infrastructure.

Earnings

Pembina reported record Q1 2018 results. Earnings came in at \$330 million, representing a 57% increase. On a per-share basis, adjusted cash flow from operating activities rose 36% compared to Q1 2017.

In a late-May update, Pembina upgraded its 2018 EBITDA guidance range by \$100 million. The company now anticipates 2018 EBITDA to come in at \$2.65-2.75 billion.

Dividends

Pembina just raised its monthly dividend by 5.6% from \$0.17 to \$0.18 per share. That's good for an annualized [yield](#) of 4.9%.

Should you buy?

Pembina's stock has bounced around in the past year, but it has picked up a nice tailwind since early April, moving from \$38.50 to above \$46.50 per share, hitting a new 12-month high.

The company appears to be firing on all cylinders, and investors should continue to see steady dividend growth as the development projects shift to operation in the coming years.

If you are looking for a solid dividend pick for your income portfolio, with a shot at some nice upside in the stock price, Pembina deserves to be on your radar.

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