



This Stock Will Make You Rethink Your Investment Choices

Description

People who have invested in **Pembina Pipeline Corporation** ([TSX:PPL](#))([NYSE:PBA](#)) are keeping their fingers crossed. The energy stock is moving closer to the \$50.00 mark, and breaching that price level could garner fresh enthusiasm for the stock.

Actually, Pembina Pipeline is [a good prospect for dividend investing](#). The stock can create a steady income stream for current and would-be investors. For the last five years, the average dividend yield is 4.66%. As the company hasn't missed a dividend payment, PPL is well-suited in a dedicated income portfolio.

Impressive financial and operational results

There is every reason for the management team to feel exuberant, and investors are in high spirits too. The company's performance in 2018 was remarkably strong in terms of financial and operational results. New records were set as to the full-year earnings and adjusted EBITDA.

The better-than-expected results were attributed to the contributions from company acquisitions in the not so distant past. Most notable are the assets from Veresen Inc. that were acquired in October 2017. Net revenue increased from \$2.2 billion in 2017 to \$2.8 billion for 2018.

The acquisition together and with other assets forms part of Pembina's large-scale capital program. These assets are bearing fruits and propelling growing revenue volumes. The 2018 operating expenses increased to \$551 million from \$450 million in 2017 due to the higher but necessary repairs and maintenance costs.

The adjusted EBITDA of \$2.8 billion represents a 64.7% increase from the \$1.7 billion recorded in 2017, which was mainly due to the increased operating margin

A stronger year ahead

This leading North American energy infrastructure company will be busy as a bee this year. The host of major projects, consisting of eight big-ticket contracts, will showcase Pembina's environmental stewardship once more.

The three major divisions – Pipelines, Facilities, and Marketing & New Ventures – are all geared for future growth. Even with the spreading pipelines and demand for Pembina's energy services across an integrated value chain, the growth is carefully managed.

Pipeline to wealth

For the last three weeks and in each of the week-ending trading sessions, PPL ended higher. If this trend holds, the price could touch the range of \$51 to \$55 in the near-term and maybe \$58 a little further on. The window for appreciation is there, but long-term investors relish the thought of [compounding returns over time](#).

The company is inviting investors to be part of its business and diversification strategies. Because the exposure will be in three industries (crude oil, natural gas, and natural gas liquids), the profitability is enhanced.

Pembina Pipeline is a linchpin in each of the industry mentioned. That is something extraordinary the company wants you to embrace. By investing in the stock today, you're practically buying into a full spectrum of midstream and marketing services to the energy sector.

Further, the risks to the business are contained by the long-term contracts at hand. Investors are assured of reliable returns, consistent monthly dividends, and overall long-term value.

CATEGORY

1. Investing

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