



## Turn \$10K Into \$40K in 1 Year by Buying Kinder Morgan Today (TSX:KML)

### Description

When it comes to making new investments, you really should be looking for gains that will help you over the long term. But then again, sometimes you get lucky.

That's why today I'm looking at **Kinder Morgan Canada Ltd.** (TSX:KML)([NYSE: KMI](#)), a company that while fairly valued at the moment, could be in for a huge increase — and quickly.

Currently at \$15 a share at the time of writing, if you invested \$10,000, you could turn that into \$40,000 by this time next year if a few things happen. Let's take a look.

### Strong despite barriers

This midstream company in Western Canada has had a strategic portfolio that's been supported by long-term contracts for a long time. Those contracts have been generating income of \$109 million cash flow this year, putting a lot of cash in this company's pockets.

Yet while the market cap is small for an oil and gas company, its backed by a heavy hitter: **Kinder Morgan Inc.**, which has a market cap of \$45 billion and owns 70% of the Canadian version.

This has allowed the company to make investments and moves most smaller cap midstream services couldn't make. The company has assets that stretch from Canada to Mexico along its 91,000-kilometre nature gas pipeline, and could be growing fast very quickly with its new pipeline in the works.

### Financial backing

But before we get there, we should also [look at the performance](#) of this company even without the new pipeline. The company expects to generate \$5 billion in cash flow and \$1.35 billion in earnings. If it achieves its goals, it has promised to boost its dividend by 25%, which currently sits at 4.29% at the time of writing.

Investors have also been benefiting from the company's buyback program, already purchasing \$525 million in shares of the \$2 billion it has available since December 2017.

Finally, the company has let go of the financial and political strain that was the Trans Mountain Pipeline by selling it to the Canadian central government. After years of push back from local governments and environmental groups, Kinder Morgan had finally had enough and was able to [sell the project willingly](#). This put a pile of cash in the company's pockets, so investors should soon see some benefits from that 2018 sale as well.

## Future outlook

Kinder Morgan ended the year with \$5.7 billion of growth projects underway, and has forecast \$2 to \$3 billion in additional growth projects per year after the next two years. These projects include a pipeline through the Rockies with **Tallgrass Energy** and the expansion of its Double H pipeline.

These projects, among others, will see some real growth over the long-term for this company, and investors should be excited to get in now while the share price is so cheap.

In 12 months, analysts are predicting that shares could rise to \$60 per share. That's where turning your \$10,000 into \$40,000 comes in. But I'd say that this company remains a long-term investment with the potential to one day be as stable as something like **Enbridge**. In 10 years, you'll be laughing at what you paid for this stock.

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