



Why You Should Buy Brookfield Infrastructure Partners (TSX:BIP.UN) on the Dip!

Description

If you don't own a stake in **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), now's a good time to pick on some shares as it dips from the news of an equity offering on Thursday.

What's the equity offering?

Essentially, the infrastructure company is pushing out 11,765,000 shares, or adding 4.2% of shares to its outstanding shares. These shares will be issued, on a bought-deal basis, to a syndicate of underwriters co-led by **RBC Capital Markets**, **TD Securities Inc.**, **CIBC Capital Markets**, **Credit Suisse**, and **Wells Fargo Securities Canada**. It'll also issue 6,128,000 redeemable shares in a concurrent private placement to **Brookfield Asset Management** and its related entities.

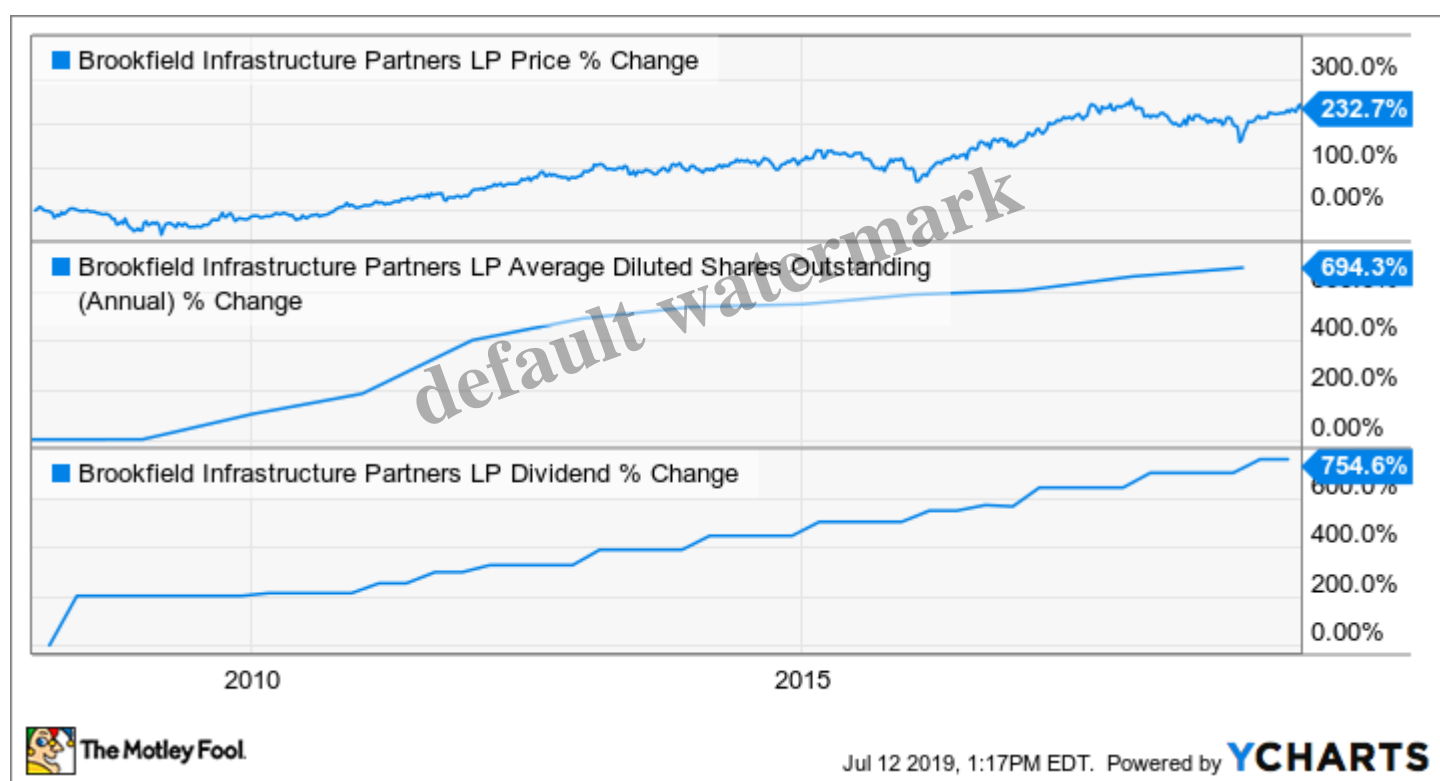


Why the equity offering is good for the company

The equity offering will be at US\$42.50 per share. The stock opened at about US\$42.40 per share on Friday. By the time of writing, it had already recovered to about US\$43 per share. This shows that there's strong demand in the stock.

It's a good time for BIP to make an equity offering because the stock is trading near its all-time highs. In this case, I don't think the investors nor Brookfield Infrastructure will lose out because the company has growth potential, and the stock is trading at what is a fair valuation for the quality company.

It's not the first time that Brookfield Infrastructure is raising capital from a stock offering to help fund its pipeline of new investment opportunities. The graph below shows that the company has increased its share count by about 694% over the long term while its dividend per share increased by about 755%, which indicates that BIP is creating value for shareholders. What's noteworthy also is that its stock price has also been increasing in the period.



BIP data by YCharts.

Other shorter time frames of three, five, and 10 years also give a similar picture — increasing the share count generated greater shareholder value by a mix of dividend increases and stock price appreciation.

Foolish takeaway

Investing in BIP stock is like investing in many [great companies](#) in one; it has businesses across the utilities, transport, energy, and data infrastructure sectors on five continents.

The management has exceptional skills and connections. BIP has an ongoing capital-recycling program to boost returns instead of having to solely rely on equity or debt offerings to raise capital. In

the past 10 years, it sold 11 businesses with a rate of return of about 25%.

Investors looking for [long-term growth and a good yield](#) should seriously consider buying BIP stock on dips, including the one experienced today. Currently, it offers a yield of about 4.7%.

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