



## 1 Bargain Dividend Stock to Boost Your Monthly Passive Income Immediately

### Description

To generate passive income from dividend stocks, it means choosing the stocks that you can [buy and forget](#). After you buy **Pembina Pipeline's** ([TSX:PPL](#))([NYSE:PBA](#)) common stock, you can do nothing and collect safe passive monthly income immediately from it.

Here are several reasons why I'm bullish on the stock for the long term!

### Continuous dividend payments

Since 1999, Pembina stock has paid continuous cash distributions every month without ever cutting it. This equates to a very strong dividend history of nearly 20 years!

Additionally, the company appeared to have become accustomed to increasing its dividend every year since 2012 so far. What a delight it is that over the last few years, its payout ratio has lowered to improve the safety of its dividend as well.

### Stable cash flow to protect the dividend

Year to date, Pembina's asset utilization has remained strong with total volumes increasing by 1% to more than 10,200 mboe/d. This resulted in operating cash flow per share growing 12% to \$3.53 and adjusted EBITDA climbing 7% to \$2,274 million.

This stable performance is likely to continue with roughly 85% of its cash flow highly contracted, protecting its dividend.

Don't think that the stability in cash flow generation is a given for all energy infrastructure companies. Pembina's peer, **Inter Pipeline**, has unfortunately seen its cash flow generation gone south recently — specifically, Inter Pipeline's operating cash flow per share dropped 25%, and adjusted EBITDA fell 16% year to date.

## A track record of industry-leading returns

Since 2007 (choosing a starting point before the last market crash to avoid being bias), Pembina stock has delivered total returns of 12.1% per year. This would have essentially turned an initial \$10,000 investment into \$43,604.

In the same period, larger peers, **Enbridge** and **TC Energy**, respectively, delivered annualized returns of 10.1% and 6.6%, while smaller peers, Inter Pipeline and **Keyera**, respectively, delivered annualized returns of 11.7% and 14.6%.

## A bargain dividend stock with growth

In its pipeline, Pembina has more than \$16 billion of potential capital projects, including \$5.7 billion that are commercially secured. Additionally, the acquisition of **Kinder Morgan Canada** (and the Cochin pipeline in the U.S.) will expand its network and add currency and market diversification. About 50% of the acquired EBITDA will be in U.S. dollars.

At \$46.38 per share as of writing, Pembina trades at about 10.1 times cash flow, which is in the valuation range of the last recession! In other words, the stock is a bargain with more than 20% 12-month upside potential, according to the analyst consensus.

The dividend stock provides a yield of 5.17%. With \$10,000 of investment, you'd receive \$517 per year in monthly passive income.

## Investor takeaway

The best thing to do is to buy a diversified portfolio of [dividend stocks with predictable earnings or cash flow](#) that you can store in the closet and generate true passive income from.

Start buying Pembina stock for monthly income now. It'll be exhilarating to watch your dividend portfolio's passive-income stream grow larger every year!

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

### POST TAG

1. Editor's Choice

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1. NYSE:PBA (Pembina Pipeline Corporation)

2. TSX:PPL (Pembina Pipeline Corporation)

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## **Date**

2025/09/06

## **Date Created**

2019/12/02

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