



## TFSA Investors: This Well-Loved TSX Stock Is at a Massive Discount

### Description

This market crash has produced a lot of opportunities for a variety of investors. For example, Tax-Free Savings Account (TFSA) investors, who have been hoarding cash in their accounts for a while now, can pick up some amazing stocks when they are trading at a discounted price. Many stocks are trading at much lower prices than they did in the past three or four years.

So now, it's an opportunity for TFSA investors to bag some of the most beloved (and once overpriced) stocks at bargain prices. One such stock is **Pembina Pipeline** ([TSX:PPL](#)).

### The company

Pembina Pipeline has been serving the energy sector in North America for 65 years. It's one of the leading transportation and midstream service providers in the country with an integrated system of pipelines capable of transporting various hydrocarbon liquids and gas products.

Most of the company's clients are producers in Western Canada, and the company is constantly trying to expand to the most profitable regions.

As a pipeline company, Pembina is not as exposed to the lower oil demand as some other companies in the sector are. Another edge that the company has is its revenue-dependency on strong [long-term contracts](#), which reasonably shelter the company against volume declines.

Well over two-thirds of the company's expected EBITDA for the year is covered by take-or-pay contracts.

So the bulk of revenue will be coming in either through regular service payments or penalties. The **S&P** has rated the company BBB and kept the outlook stable.

### The stock

Pembina is currently trading at \$35.4 per share. The price has sunk that low for the first time in four years. It's still 25% down from its start-of-the-year value, making it a valuable bargain at three-fourth of its original price. It's also a Dividend Aristocrat with eight years of dividend increases under its belt. Though realistically speaking, the dividend growth isn't decent enough to build a portfolio around.

But a much better prospect the company offers is its capital growth. The company grew about 75% since Jan 2016, before it crashed. Even at its low point, the 10-year CAGR is still 13.5%, and as the sector stabilizes, the stock is likely to regain its growth pace.

The company announced its first-quarter results, and compared to 2019's first quarter, the situation isn't as bad as it could have been given the standstill.

Gross profit is up by \$140 million, but the cash flow from operating activities is down by almost \$200 million. While total volume transported is almost similar, the adjusted EBITDA is up by \$57 million. To be fair, a better reflection of the oil war might show up on the second-quarter results, but if you wait that long to invest in this aristocrat, you may lose the discounted price.

## Foolish takeaway

Pembina was one of the best growth stocks among the energy sector aristocrats. Unlike others in the club, the company doesn't offer the same dividend growth prospects, but at current valuation, you can enjoy a 7.3% yield.

Combine that with the growth prospects, and your TFSA can really benefit from this stock. The company has a [solid balance](#) sheet, diversified revenue stream, and it's likely to reward its investors in the long run.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:PPL (Pembina Pipeline Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
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**Date**

2025/09/10

**Date Created**

2020/05/27

**Author**

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