



## Warren Buffett Finally Makes a \$10 Billion Move

### Description

People keep calling him a washed-up investor, but come in the fourth quarter of 2020, the GOAT of investing will own 7,700 miles of natural gas pipelines and ample storage facilities. Warren Buffett finally made a [significant move](#) with the announcement that **Berkshire Hathaway** is buying **Dominion Energy's** natural gas storage and transmission assets.

Buffett describes the \$9.7 billion deal as a valuable addition to his conglomerate's great portfolio of natural gas assets. The purchase will translate to a 25% stake in the Cove Point liquefied natural gas export facility in Maryland once the transaction closes. Likewise, Berkshire will own 18% of all interstate gas transmission in the U.S.

Berkshire Hathaway Energy's president and CEO Bill Fehman said, "This premier natural gas transmission and storage business has been operated and managed in a best-in-class manner."

### Silencing the critics

Buffett usually goes on a buying spree when markets are declining. He bought into or saved **General Electric** and **Goldman Sachs** during the 2008 financial crisis when both firms needed cash infusion. However, the Sage of Omaha sold stocks in the 2020 downturn instead of buying.

His uncharacteristic stance triggered criticisms from all fronts, including his loyal followers. But now that Buffett is putting his cash to work, critics are silent. However, some don't understand the move, saying there's no [long-term value](#) for gas in a climate-constrained world.

### Setting the stage

The Dominion Energy deal isn't the elephant-sized acquisition you would expect from a fully loaded Berkshire Hathaway. The company has \$137 billion in cash available for deployment.

Still, it indicates that Buffett's appetite for mergers and acquisitions is back. Buffett might be setting the

stage for more deals, which is a welcome development. Perhaps he will no longer sit on the sidelines after this first post-pandemic deal.

## Better than Buffett's choice

Investors wishing to gain exposure to a similar business as Dominion Energy can consider **AltaGas** ([TSX:ALA](#)). The core businesses of this \$4.46 billion Canadian firm are midstream and utilities. This energy infrastructure company owns and operates assets that provide clean and affordable energy to customers in North America.

AltaGas plays a vital role in the energy value chain. Its midstream business transacts more than 1.5 billion cubic feet per day of natural gas, including natural gas gathering and processing, natural gas liquids (NGL) extraction and fractionation, transmission, storage, natural gas and NGL marketing.

The company's utility assets deliver clean and affordable natural gas to about 1.6 million residential and commercial customers. It operates regulated natural gas storage utilities and regulated natural gas distribution utilities (in five states) in the U.S.

AltaGas is developing an integrated footprint that will deliver sustained value to both shareholders and customers. The current stock price is \$15.96, although analysts forecast a 37.84% increase to \$22 in the next 12 months. The utility stock also pays a high 6.01% dividend. It's a double-whammy if you invest today.

## His "mojo" is back

Warren Buffett did not miss the boat in 2020 after all. He put on blinders to avoid engaging in impulse trading during the market crash. But he's back in the game after drawing \$10 billion from his wallet.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)

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**Date**

2025/07/04

**Date Created**

2020/07/16

**Author**

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