



TFSA Investors: This Stock Will Make You Rich

Description

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) owns and operates utilities, transport, energy, and data infrastructure businesses. The company was founded in 2007 and is based in Hamilton, Bermuda. Brookfield Infrastructure's businesses are grouped into [operating segments](#) based on similarities in their underlying economic drivers.

The company has a price-to-book ratio of 5.42, dividend yield of 3.65%, and market capitalization of \$20.02 billion. Debt is sparingly used at Brookfield Infrastructure to fund asset purchases, as evidenced by a debt-to-equity ratio of just 1.22. The company has excellent performance metrics with an operating margin of 25.04% and a return on equity of 1.93%.

Brookfield Infrastructure's utilities segment include businesses in regulated transmission (natural gas and electricity) and regulated distribution (electricity and natural gas connections). These businesses earn a return on a [regulated asset base](#) in accordance with long-term concession agreements, private bilateral contracts approved or ratified by the regulator, or price control frameworks.

The company's diversified portfolio of utility assets allows the company to mitigate exposure to any single regulatory regime. The return it earns is typically determined by a regulator for prescribed periods of time.

Brookfield Infrastructure's transport segment offers transportation, storage, and handling services for freight, bulk commodities, and passengers. Further, it operates rail, motorways and port terminals. The company is paid an access fee for services provided and profitability is based on the volume and price achieved for the provision of these services.

Transport businesses typically have high barriers to entry and very few substitutes in their local markets. Revenues are generally stable and supported by contracts or customer relationships. The diversification within the segment mitigates the impact of fluctuations in demand from any particular sector, commodity, or customer.

Brookfield Infrastructure's energy segment is comprised of systems that provide natural gas midstream (transmission, gathering and processing), distributed energy and storage services. This operating

segment is comprised of businesses that are subject to regulation.

Energy businesses typically have high barriers to entry as a result of significant fixed costs combined with economies of scale or unique positions in their local markets. The company's energy segment benefits from forecasted increases in demand for energy. Revenues are typically contracted with varying durations and are relatively stable. This segment also provides rental services for water heaters, ventilators, and air conditioners.

The company's data infrastructure segment is comprised of critical infrastructure, and it services customers in the telecommunications, fibre, and data storage sectors. The company's data transmission and distribution operations provide essential services and infrastructure to the media broadcasting and telecom sectors, while the company's data storage operations provide services and infrastructure to enterprise customers.

Data services and access to infrastructure are contracted on a medium to long-term basis in the company's data transmission, data distribution, and data centre businesses. Inflation escalation mechanisms ensures that revenues and cash flows are predictable and recurring.

In summary, Brookfield Infrastructure owns a valuable portfolio of infrastructure assets that are diversified by sector and geography. The company has a stable cash flow profile with approximately 95% of earnings supported by regulated or contracted revenues.

CATEGORY

1. Investing

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1. long term growth

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