



Inter Pipeline (TSX:IPL) Is Still on Brookfield's Radar

Description

Takeovers and acquisitions are a crucial part of the corporate landscape. Businesses acquire other businesses every day, usually in deals that benefit both. The *acquired* companies usually function as part of the *acquiring* company and get the financial assistance of a more stable organization in lieu of losing their identity.

But not all takeovers are so mutually beneficial, and some are considered hostile takeovers. That's when the potential acquirers try to go over the head of management and entice the shareholders to win them control of the target acquisition. It's not the only definition of a hostile takeover. Regardless of which definition we go by, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) attempted a hostile takeover of **Inter Pipeline** (TSX:IPL).

Inter Pipeline saw a saviour in the form of **Pembina**, another energy player that proposed a "friendly takeover" at a more favourable price, and the vote will happen at the end of this month. But Brookfield is not letting the takeover slip from its hand quite so easily.

Another attempt

Brookfield has upped the price it offered to [Inter Pipeline](#) last time. Before, the company proposed acquisition at \$19.50 per share, or 0.225 shares of Brookfield for one Inter Pipeline share. The price was low, and it was one of the reasons why the takeover was rebuffed.

Now, Brookfield has raised the price to \$20 per share, or 0.25 shares of Brookfield per one IPL share. But the energy company is still not yielding. The price of an IPL share has been a bit above \$20 since the beginning of June. But it might not just be the price, since, at its current value, Pembina's offer to buy IPL at the rate of 0.5 shares for one IPL share is actually lower than Brookfield's (though it was higher at the time of offering).

Brookfield even attempted a sort of “shared” acquisition with Pembina, saying that it might acquire some of the assets while Pembina can raise its offer for the remaining, at a better price than Brookfield’s current offer. Both IPL and Pembina have rejected that offer for now.

The stocks

Inter Pipeline’s value jumped to \$20.9 per share, and it’s likely to go over \$21 thanks to the bidding war. Though the shareholders who buy into the energy company now will have to wait and see where the shoe will fall. Due to the relatively “hostile” nature of Brookfield’s takeover attempt, IPL and Pembina got Alberta’s Securities Commission to intercede, which has already made things a bit difficult for Brookfield.

Brookfield’s own stock has slipped 1.7% from its monthly peak. The major infrastructure player seems desperate to acquire IPL’s existing pipeline structures, now that new pipeline projects, especially in the U.S., are running into roadblocks.

Foolish takeaway

The window to buy into IPL is getting smaller now, because once the acquisition is complete, an investor’s stake in the energy company will convert into whoever succeeds in overtaking it. Those who are rooting for Pembina might get [a discounted price](#) by buying Pembina shares, since, for a 0.5 to one equity takeover, the per-share price of IPL through Pembina is currently at \$19.4. The situation might be very different once energy turns into a [bear market](#) again.

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