



Buy Alert: Pembina (TSX:PPL) Secures 3 Partnerships for Future Growth

Description

One of Canada's pipeline giants lost its bid to acquire **Inter Pipeline**. The deal would have transformed **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) into the country's top oil and gas transportation company. Management felt it had a superior proposal over **Brookfield Infrastructure Partners**.

However, the highly strategic combination did not happen. Brookfield made the [third proposal](#), but Pembina didn't increase its offer to counter the higher bid. Its president Mick Dilger said, "While we are disappointed with this outcome, we will continue to seek opportunities for growth through focused acquisitions."

Pembina Pipeline remains a lucrative choice for [dividend investors](#), despite the deal's termination and the \$350 million fee paid to the company. The \$22.27 billion company has the foundation for potential future growth, with or without Inter Pipeline.

1. World scale project

In June 2021, Pembina Pipeline and **TC Energy** announced their plans to develop a world-scale carbon transportation and sequestration system jointly. Once the carbon capture, utilization, and storage hub is complete, it could transport more than 20 million tonnes of industrial exhaust annually.

The energy stalwarts will leverage their existing pipelines and the project, Alberta Carbon Grid, to help industries in Alberta to manage their emissions effectively. The venture should also contribute positively to the province's lower-carbon economy, thereby creating sustainable long-term value for stakeholders in both companies.

2. Floating LNG facility

Before the collaboration with TC Energy, Pembina entered a partnership agreement with the Haisla Nation. The latter chose the former as its partner to develop a Cedar liquefied natural gas (LNG) facility. The proposed floating LNG facility will rise in the Douglas Channel, a Haisla Nation-owned

land. The said channel is one of the principal shipping routes on the B.C. coast.

Job opportunities will open in the region, including people in Haisla, the local community, and Indigenous Nations. The facility would need a full-time workforce complement of 500 people when operations commence.

Pembina's equity interest in the Cedar LNG project is 50%. The company will invest around US\$90 million over the next two years. Also, as facility operator, and Pembina formed a world-class floating LNG team. The Canada Energy Regulator has granted the LNG export licence already, while the environmental assessments are ongoing.

3. 50-50 partnership with Indigenous groups

Also, in June, Pembina forged a 50-50 partnership with Chinook Pathways, a Western Indigenous Pipeline Group. The groups founded by Indigenous leaders in Alberta and B.C. want full ownership of Trans Mountain, a federally owned oil conduit project. The expansion project is about 75% complete.

Dilger said, "Pembina believes that the future of Canada's energy sector is inextricably linked to meaningful partnerships and commercial relationships with Indigenous communities." He added the company will play a vital role in advancing Indigenous economic reconciliation in Canada.

High-yield monthly income stock

In the first half of 2021, Pembina's total revenue increased 36% to nearly \$4 billion versus the same period last year. However, its net income fell slightly from \$577 million to \$574 million. The \$350 million termination fee from the botched Inter Pipeline offset the reduction.

Pembina lost the Inter Pipeline deal, but it didn't hurt the stock's performance. Investors have enjoyed a 39.92% year-to-date gain. At \$40.49 per share, the top-tier energy stock pays a 6.22% dividend. Besides the high yield, [income seekers](#) prefer Pembina because the dividend payouts are monthly, not quarterly.

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