



Maximizing Shareholder Value at an Iconic Canadian Energy Company

Description

Inter Pipeline (TSX:IPL) owns a diversified asset portfolio is expected to produce long-term and predictable cash flows from predominantly high-quality customers. The company appears well-positioned to generate positive returns for investors over the long term.

Development of large-scale innovative projects to create new cash flow streams

Additionally, Inter Pipeline's new ventures segment focuses on the development of [large-scale innovative projects](#) to create new cash flow streams, while better serving the company's customers through enhanced services or market access. These investments were made after meeting Inter Pipeline's criteria of being complementary to the existing portfolio of infrastructure assets or provide a new growth platform, with sizeable organic growth opportunities.

Hedging much of the commodity pricing risk away

Once projects are in service and operating as intended, the assets and operations will be transferred to the facility's infrastructure and marketing segments. Inter Pipeline's marketing segment is responsible for managing the company's [commodity risk management activities](#), including hedging. The company hedges much of the commodity pricing risk away.

Converting locally sourced, low-cost propane into polypropylene

In addition, Inter Pipeline's new ventures business currently includes the Heartland Petrochemical Complex (HPC), a complex comprised of a propane dehydrogenation (PDH) plant and polypropylene (PP) plant. HPC is designed to convert locally sourced, low-cost propane into 525,000 tonnes per year

of polypropylene, an easily transported and recyclable plastic used in the manufacturing of a wide range of essential finished products and consumer goods.

Supporting a stable supply of feedstock and operational flexibility

Due to the highly integrated nature of Inter Pipeline's natural gas liquids (NGL) operations, HPC can produce polypropylene before the start-up of the PDH facility utilizing polymer grade propylene (PGP) feedstock production from Inter Pipeline's adjacent Redwater Olefinic Fractionator (ROF). This provides the necessary infrastructure to support a stable supply of feedstock and operational flexibility.

Disciplined business and operational readiness programs

These activities are supported by disciplined business and operational readiness programs that appear to have incorporated a strong environmental, social, and governance (ESG) framework to help drive long-term value for all Inter Pipeline stakeholders.

Creating jobs and investing in market-driven petrochemical facilities

Inter Pipeline was also awarded a \$408 million cash grant under the Alberta Petrochemicals Incentive Program. This program is intended to reward companies for creating jobs and investing in new or expanded market-driven petrochemical facilities within the province of Alberta.

Comprehensive review of strategic alternatives to maximize shareholder value

In February 2021, **Brookfield** announced the company's intention to offer to acquire all of the outstanding common shares of Inter Pipeline not already owned by Brookfield. In response, Inter Pipeline's board initiated a comprehensive review of strategic alternatives to maximize shareholder value. A number of additional revised offers were made by Brookfield, including the most recent one in July 2021.

Great deal for Inter Pipeline shareholders

Under Brookfield's revised offer, Inter Pipeline shareholders can receive for each Inter Pipeline share, either \$20.00 in cash or 0.25 of a Brookfield Infrastructure share. This appears to be a great deal for Inter Pipeline shareholders and appears likely to be accepted by shareholders.

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