



Why Brookfield Stock Popped 10% Today

Description

What happened?

Brookfield Business Partners ([TSX:BBU.UN](#))([NYSE:BBU](#)) shares jumped by more than 10% on Tuesday morning to as high as \$35.50 per share, despite the broader [market weakness](#). The **TSX Composite Index** was trading with about 70-point drop for the day at 21,111 at the time of writing. Today's sharp gains helped BBU stock enter positive territory on a month-to-date basis — also trimming its year-to-date losses to less than 5%.

So what?

Today's sharp rally in Brookfield Business Partners stock came after the company revealed that it has completed the previously announced creation of **Brookfield Business Corporation** (TSX:BBUC)([NYSE:BBUC](#)).

If you don't know it already, Brookfield Business Partners is a global business services and industrials company with a market cap of about \$7.5 billion. On March 1, Brookfield Business Partners filed the final prospectus regarding the special distribution of the shares — nearly seven months after announcing intentions to create BBUC in August 2021.

While commenting on the unit split, Brookfield Business Partners CEO Cyrus Madon [said](#) that “BBUC provides greater flexibility to invest in our business through a corporate structure and should enhance our index inclusion to further broaden our ownership base.” The news boosted investors' confidence, triggering a buying spree in BBU stock today.

Now what?

Interestingly, BBUC targets to maintain the same dividends per share that are paid by Brookfield Business Partners. BBU's management also expects the creation of BBUC to broaden its appeal to

new investors.

In the December quarter, Brookfield Business Partners reported a 34% rise in its total revenue from a year ago to US\$13.5 billion. Strong performance across segments helped the company report a strong adjusted EBITDA of around US\$550 million in Q4 2021 — much stronger than US\$434 million in Q4 2020.

Clearly, the ongoing growth trend in its financials already looks impressive. I expect its continued focus on new acquisitions and long-term business improvement plan to help the company accelerate its financial growth further in the coming years, which makes BBU stock worth considering for long-term investors.

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Date

2025/07/21

Date Created

2022/03/15

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