



## A 5.03% Dividend Stock That Pays You Each Month

### Description

The TSX has a wide selection of dividend stocks across various sectors for Canadians desiring to make extra money or [create passive income](#). However, to some income investors, the frequency of payouts matter. If you prefer strong monthly income streams instead of quarterly, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is the dividend stock for you.

### Midstream pipeline company

Pembina Pipeline, **Enbridge**, and **TC Energy** are Canada's top midstream pipeline companies. Apart from being [established dividend payers](#), the three companies are Dividend Aristocrats. Pembina's dividend-growth streak of 10 consecutive years is a mean feat already, considering the perennial industry headwinds.

Assuming you invest \$50,000 today, the dividend yield is 5.03%. Your money will produce \$209.58 passive income every month. If you don't touch the principal and keep reinvesting the dividends (12 times in a year, not four), your capital should grow faster.

This top-tier energy stock is a solid choice for [young](#), old, short-term, and long-term investors. The nature of the business is enduring and isn't hard to understand. Pembina boasts an integrated network of hydrocarbon liquids and natural gas pipelines.

### Growth opportunities

Pembina's high-quality assets include gas gathering and processing facilities, oil, and natural gas liquids infrastructure. It offers logistics services, and its export terminals are growing. Management takes pride in its integrated value chain that provides safe and reliable infrastructure solutions. More importantly, it connects producers with energy consumers globally.

The \$47.26 billion energy transportation and midstream service provider is constantly on the lookout for expansion projects. Its latest growth opportunity is Newco, a joint venture (JV) with private equity

firm KKR & Co. The JV worth \$11.4 billion (60/40 split) will bring on board three complementary platforms.

Pembina and KKR aims to create, through Newco, a leading, highly competitive gas-processing entity in western Canada. The estimated combined capacity of the resulting entity is approximately five billion cubic feet per day. Customers from north-central Alberta to northeast British Columbia will benefit once the JV is operational.

A definitive agreement is in place and management said that if the transaction pushes through, it will increase its dividend by 3.6%. Also, \$700 million in after-tax cash proceeds will enable Pembina to raise its full-year stock buyback target to \$350 million from \$200 million.

## Strong cash flows

In 2021, Pembina's cash flow from operating activities increased 18% to \$2.65 billion versus 2020 because of stellar operating and financial results. Total revenue climbed 44.9% year over year to \$8.62 billion. Net earnings reached \$1.24 billion compared to the \$316 million net loss in the previous year.

Management said it had to hit the pause button because of the global health pandemic. Nonetheless, despite the loss in 2020, Pembina paid \$1.38 billion dividends for common shares. The rebound and strong financial results in 2021 were due to the much-improved commodity prices. Pembina's value chain, namely crude oil, natural gas, and natural gas liquids benefitted from it.

## Buy signal

Pembina's steady performance from last year continues in 2022. At \$50.09 per share, current investors are winning 32.5% year to date. For 2022, the pipeline operator expects cash flow from operating activities to exceed dividend payments and its capital-expenditure program. It's a signal to buy the top-ranked monthly income stock today.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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