



2017 IPO Review: Kinder Morgan Canada Ltd

Description

Canadian retail stock IPOs, such as **Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)) received a lot of attention this year, but they weren't the only IPOs out there. Another of the biggies in 2017 was **Kinder Morgan Canada Ltd.** (TSX:KML). Founded in 1997, the company is one of Canada's largest energy infrastructure companies.

The IPO

In an effort to fund its expansion, the Trans Mountain pipeline, Kinder Morgan spun off its Canadian unit only. (It boasts over 84,000 miles of pipelines.) The company went public on May 30, 2017. Kinder considered a price in the \$19 to \$22 range, but settled on \$17.00 per share for the IPO. The company was worried about the political climate and the uncertainty surrounding pipelines and their approval across North America.

How did the stock perform in its debut? It opened lower once it hit the secondary market, starting the day at \$16.06 per share. Fool contributor Will Ashworth talked about the Kinder Morgan debut in [this](#) May article.

How did Kinder Morgan fare during the rest of 2017?

The stock has traded in a fairly tight range, from a low of \$15.17 in July to a high of \$18.60 in August. It's been off that pace over the fall and early winter and currently trades in the \$16 range. The company announced third-quarter results in October. Net income was \$42.4 million, up from \$20.3 million in Q3 2016. Earnings per share were \$0.11. Kinder Morgan also declared a quarterly dividend of \$0.1625 at the same time (for an annualized rate of \$0.65). The stock has a dividend yield of 1.30%.

The Trans Mountain pipeline remains controversial, and not all governments and communities are onside. A recent ruling has gone in the company's favour. On December 7, the National Energy Board ruled in favour of the pipeline, stating that it does not need to comply with the City of Burnaby and B.C.'s bylaws. While this is good news for Kinder Morgan, it won't be the only hurdle the company faces in an era of environmental concerns. Fool contributor Ambrose O'Callaghan talked more about the pipeline disputes in [this article](#) from August.

Investor takeaway

Kinder Morgan has put up some decent numbers this year, but there are worries over pipeline controversies and where oil prices will go in 2018. Energy stocks are great in energy booms, but we aren't currently experiencing one. Prices have been driven lower over the last four years as companies run out of options for new pipelines and other ways to transport energy. There is also a glut of production coming out of the oil sands, so I wouldn't expect Canadian energy companies to have a banner year in 2018.

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