



3 Top Pipeline Stocks You Should Consider Investing in Today

Description

As commodity prices have fallen over the last year, oil and gas producers have taken big hits to their bottom lines. However, production has continued to rise and this has led to increased demand for transportation and storage services, leading the pipeline and storage providers to record profits and making them the go-to stocks for energy investors. With this in mind, let's take a look at three of the top pipeline stocks that you should consider buying today.

1. TransCanada Corporation

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) is one of the leading operators of natural gas pipelines and gas storage facilities in North America, with approximately 68,000 kilometres of pipelines and approximately 386 billion cubic feet of natural gas storage capacity.

At today's levels, TransCanada's stock trades at just 22.9 times fiscal 2014's earnings per share of \$2.42, only 22.1 times fiscal 2015's estimated earnings per share of \$2.51, and a mere 20.7 times fiscal 2015's estimated earnings per share of \$2.68, all of which are inexpensive compared to its long-term growth rate and the industry average multiple of 30.5.

In addition, TransCanada pays a quarterly dividend of \$0.52 per share, or \$2.08 per share annually, giving its stock a 3.75% yield at current levels. The company has also increased its dividend eight times in the last four years, showing that it is deeply dedicated to maximizing the amount of capital it returns to shareholders.

2. Pembina Pipeline Corp.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) is one of the leading transportation and service providers to North America's energy industry, with approximately 8,800 kilometres of conventional pipelines and 468 million cubic feet of natural gas processing capacity per day.

At current levels, Pembina's stock trades at 38.6 times fiscal 2014's adjusted earnings per share of \$1.06, which may seem a bit high, but it trades at just 33 times fiscal 2015's estimated earnings per share of \$1.24 and only 28.8 times fiscal 2016's estimated earnings per share of \$1.42, both of which

are inexpensive compared to its long-term growth potential, but are slightly above the industry average multiple of 30.5.

Additionally, Pembina pays a monthly dividend of \$0.145 per share, or \$1.74 per share annually, which gives its stock a 4.25% yield at today's levels. It has also increased its dividend for three consecutive years, and its consistent free cash flow generation could allow for another increase in fiscal 2015.

3. Inter Pipeline Ltd.

Inter Pipeline Ltd. (TSX:IPL) is one of the largest providers of petroleum transportation and bulk liquid storage in western Canada and northern Europe, with approximately 7,000 kilometres of pipelines and liquid storage capacity of almost 19 million barrels.

At today's levels, Inter Pipeline's stock trades at 29.5 times fiscal 2014's earnings per share of \$1.05, which seems fair, but it trades at just 23.6 times fiscal 2015's estimated earnings per share of \$1.31 and only 22.3 times fiscal 2016's estimated earnings per share of \$1.39, both of which are inexpensive compared to its long-term growth rate and the industry average multiple of 30.5.

In addition, Inter Pipeline pays a monthly dividend of \$0.1225 per share, or \$1.47 per share annually, giving its stock a 4.75% yield at today's levels. The company has also increased its dividend seven times in the last six years, making it one of the top dividend-growth plays in the industry today.

Which of these top pipeline stocks belong in your portfolio?

TransCanada, Pembina Pipeline, and Inter Pipeline represent three of the best investment opportunities in the energy sector today. Foolish investors should take a closer look and strongly consider buying shares in one of them.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TRP (Tc Energy)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:TRP (TC Energy Corporation)

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