



Buy This Stock for a Growing Stream of Monthly Income

Description

As income investors, we want to own stocks with high and reliable dividends, and the best ones to buy are those that also grow their dividends over time.

With this in mind, let's take a closer look at why you should consider investing in **Inter Pipeline Ltd.** (TSX:IPL) today.

A leading energy infrastructure company

Inter Pipeline owns and operates low-risk, long-life energy infrastructure in western Canada and Europe. Its portfolio includes conventional oil pipelines, oil sands pipelines, natural gas liquids pipelines, offgas extraction facilities, and fractionation plants in Canada, and bulk liquid storage terminals in the U.K., Denmark, Sweden, Ireland, and Germany.

A stable cash flow profile

Over 90% of Inter Pipeline's earnings before interest, taxes, depreciation, and amortization comes from long-term cost-of-service and fee-based contracts, and over 80% of its revenue is sourced from investment-grade entities, which results in stable and predictable cash flow and allows it to pay monthly dividends to its shareholders.

A high and safe dividend

Inter Pipeline currently pays a monthly dividend of \$0.13 per share, representing \$1.56 per share on an annualized basis, giving its stock a bountiful 5.6% yield today.

As savvy investors, we know we must always confirm the safety of a stock's dividend before investing, and this is easy to do with Inter Pipeline by checking its cash flow. In the first half of 2016, its funds from operations (FFO) attributable to shareholders totaled \$362.9 million, and its dividend payments totaled \$262.7 million, resulting in a healthy 72.4% payout ratio.

A deep dedication to dividend growth

On top of having a high and safe yield, Inter Pipeline has shown a deep dedication to dividend growth. It has raised its annual dividend payment every year since 2008, including a compound annual growth rate of about 10% since 2011, which puts it on pace for 2016 to mark the eighth consecutive year with an increase.

I think Inter Pipeline's strong financial performance, including its 7.5% year-over-year increase in FFO attributable to shareholders to \$362.9 million in the first half of the year, and its growing asset base, including its acquisition of the Canadian operations of Williams Companies Inc. and Williams Partners LP for \$1.35 billion, which closed on September 23 and will be immediately accretive to its FFO, will allow its streak of annual dividend increases to continue for the next five years at least.

Is there a place for Inter Pipeline in your portfolio?

Inter Pipeline has a high and safe dividend yield, a track record of dividend growth, and the ability to continue growing its dividend going forward, making it one of the best long-term investment opportunities for income investors today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

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