



Inter Pipeline Ltd.: A Company on the Rise With a High Dividend Yield

Description

Inter Pipeline Ltd. (TSX:IPL) is giving investors a reason to be happy about owning shares of IPL.

The company recently announced a monthly dividend offering of approximately 14 cents per share on January 19. Shareholders on record as of February 19 will receive the figure on that day, which represents an \$1.62 annualized dividend with an incredible yield of 5.92%. Inter Pipeline owns natural gas liquids (NGLs) assets, many of which are scattered throughout Europe.

The Calgary-based energy company recently announced plans to invest more than \$40 million on a series of projects to help it solidify and expand its presence in Europe. The continent is especially important for Inter Pipeline as demand for storage services at its European terminals is higher than ever. The \$40 million will be spent in 2017.

The move follows two contracts inked in the second half of 2016 at the Seal Sands terminal in the U.K. About 175,000 barrels of new chemical storage capacity will be completed in the European country. Half of the sum that the company is investing will be used to build five new storage tanks.

A new capacity is slated to be functioning in the second or third quarter of the year. The rest of the cash will be used on a series of small organic growth projects in Germany, Denmark, and Sweden. Inter Pipeline is also making moves in its home province.

In 2017, the company invest in a propane dehydrogenation (PDH) facility in Alberta, according to a statement issued by the company about a month ago. Inter Pipeline will also invest \$65 million to expand its oil battery connections, while adding services and raising its storage capacity for its oil pipelines segment.

Another expansion opportunity that the company is set to cash in on is the acquisition of a 15% stake in the Cold Lake pipeline system. Inter Pipeline is shelling out \$527.5 million in cash and shares to **Canadian Natural Resources Limited**.

The move will grant Inter Pipeline 100% ownership of the assets. Expect the deal to close by the end of the year. The company is also working towards the construction of a \$125 million pipeline linked with

a Kirby North oil sands production facility near Conklin, Alberta. This pipeline will be in business in the first quarter of 2020.

The stock has been on the decline lately, but it is offering a great dividend yield that can't be ignored. Three of four analysts covering Inter Pipeline rate it a "Buy" for a consensus rating of a "Buy," while one other rates it a "Hold." The average price target is set at \$28.30.

With everything the company has in motion right now, it would be wise to cash in on this stock before the February 15 date of the dividend offering. With a commitment towards organic growth, while it maintains its focus on increasing profitability, Inter Pipeline is primed to bounce back from an early hitch in the year with the pieces falling into place throughout the rest of 2017.

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