

Dividend Seekers: 2 Stocks With High Yields and Attractive Growth Potential

Description

Canadian dividend investors are searching the market for reliable, above-average yield.

Let's take a look at **Altagas Ltd.** ([TSX:ALA](#)) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be interesting picks.

Altagas

Altagas recently announced a game-changing acquisition. The company has negotiated a deal to purchase U.S.-based **WGL Holdings** for \$8.4 billion in a move that should set the company up for strong dividend growth in the coming years.

In fact, management says the extra cash flow should enable the company to raise its dividend by 8% per year through 2021.

In addition to the big takeover, Altagas has a number of organic projects underway in British Columbia.

For example, the company finished the first phase of its Townsend project last year and expects to have the expansion of the site ready by the end of 2017. Altagas is also constructing a new propane export terminal in Prince Rupert and building new NGL infrastructure in the growing Montney play.

One other area to watch is the company's battery division. Altagas opened its Pomona Energy Storage Facility in California at the end of January, marking a milestone in the company's renewable energy segment. Pomona is currently the largest battery-storage facility in North America.

As a leader in this emerging space, Altagas is positioned well to capitalize on growing demand for electricity stored in lithium-ion batteries.

Altagas pays a monthly dividend of \$0.175 per share. That's good for a yield of 6.8%.

IPL

IPL owns a variety of businesses, including conventional oil pipelines, oil sands pipelines, NGL extraction facilities, and a European liquids-storage operation.

The company has done a good job of riding out the difficult times in the oil patch, and management is taking advantage of the downturn to position the business for further growth.

IPL purchased two NGL facilities and related infrastructure from **The Williams Companies** last year for \$1.35 billion. The deal also came with a planned \$1.85 billion propane dehydrogenation plant that has received a \$200 million royalty credit from Alberta. IPL says the project could be completed and in operation by 2021.

Additional growth is expected from the recent purchase of the remaining stake in the Cold Lake pipeline as well as a potential \$1.3 billion polypropylene facility.

IPL pays a monthly distribution of \$0.135 per share. At the current stock price, investors get a yield of 5.8%.

Is one more attractive?

Both companies offer above-average dividends and attractive growth prospects.

At this point, I would probably make Altagas the first pick. It offers a better yield, and the U.S. operations provide a nice hedge against any further trouble in the Canadian energy sector.

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aswalker

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