



## Why Inter Pipeline Ltd. Fell 3.44% on Friday

### Description

**Inter Pipeline Ltd.** (TSX:IPL), one of the largest owners and operators of energy infrastructure in western Canada and Europe, announced its third-quarter earnings results and a dividend increase after the market closed on Thursday, and its stock responded by falling 3.44% in Friday's trading session. Let's break down the quarterly results, the dividend increase, and the fundamentals of its stock to determine if we should use this weakness as a long-term buying opportunity.

### Breaking down the quarterly performance

Here's a quick breakdown of 12 of the most notable financial statistics from Inter Pipeline's three-month period ended September 30, 2017, compared with the same period in 2016:

Metric	Q3 2017	Q3 2016	Change
Oil sands transportation revenue	\$203.5 million	\$192.9 million	5.5%
Natural gas liquids (NGL) processing revenue	\$171.5 million	\$93.7 million	83.0%
Conventional oil pipelines revenue	\$117.8 million	\$86.9 million	35.6%
Bulk liquid storage revenue	\$54.8 million	\$61.0 million	(10.2%)
Total revenue	\$547.6 million	\$434.5 million	26.0%
Funds from operations (FFO)	\$268.9 million	\$211.4 million	27.2%
FFO per share	\$0.72	\$0.62	16.1%
Adjusted EBITDA	\$303.6 million	\$261.7 million	16.0%
Cash provided by operating activities	\$250.2 million	\$218.1 million	14.7%

Net earnings	\$142.5 million	\$121.3 million	17.5%
Net earnings per share (EPS)	\$0.38	\$0.34	11.8%
Average pipeline throughput volumes (barrels per day)	1,359,100	1,286,100	5.7%

### A dividend increase? Yes, please!

In the press release, Inter Pipeline also announced a 3.7% increase to its monthly dividend to \$0.14 per share, and the first payment at this increased rate will come on or about December 15 to shareholders of record as of November 22.

### Should you buy Inter Pipeline today?

It was a fantastic quarter overall for Inter Pipeline, highlighted by record FFO and net income, and the dividend increase was a very shareholder-friendly move, so I think the market should have responded by sending its stock higher in Friday's trading session. That being said, I think the decline represents an attractive entry point for long-term investors for two fundamental reasons.

First, it's wildly undervalued. Inter Pipeline's stock now trades at just 18.7 times fiscal 2017's estimated EPS of \$1.40 and only 17.5 times fiscal 2018's estimated EPS of \$1.49, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 23.4; these multiples are also inexpensive given its long-term growth potential.

Second, it's [a dividend aristocrat](#). Inter Pipeline now pays an annual dividend of \$1.68 per share, which brings its yield up to about 6.4%. The company has also raised its annual dividend payment for nine consecutive years, and the hike it just announced puts it on pace for 2018 to mark the 10th consecutive year with an increase.

Inter Pipeline's stock is still up more than 12% since [I recommended it](#) following its second-quarter earnings release in August, and I think it will significantly outperform the market going forward, so take a closer look and strongly consider making it a long-term core holding.

### CATEGORY

1. Energy Stocks
2. Investing

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Energy Stocks

## 2. Investing

**Date**

2025/08/28

**Date Created**

2017/11/13

**Author**

jsolitro

default watermark

default watermark