



3 Dividend-Growth Stocks Providing Yields of 6-8%

Description

The pullback in the broader energy infrastructure segment is giving [income investors](#) some interesting choices today.

Let's take a look at three stocks that might be getting oversold.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge acquired Spectra Energy last year in a \$37 billion deal that created North America's largest energy infrastructure company. Spectra added important gas assets and provided a nice boost to the development portfolio.

In fact, Enbridge is currently working through \$22 billion in commercially secured projects that should be completed through 2020. As the new assets go into service, Enbridge sees cash flow improving enough to support annual [dividend growth](#) of at least 10% over that time frame.

Enbridge raised the dividend 15% in 2017 and bumped up the payout by 10% for 2018.

At the time of writing, the distribution provides a yield of 6.3%.

The company has identified \$10 billion in non-core assets it plans to sell as it focuses on regulated businesses, of which \$3 billion should be monetized in 2018.

Inter Pipeline Ltd. (TSX:IPL)

IPL owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

The company took advantage of the oil rout to add strategic assets at attractive prices, including the \$1.35 billion purchase of two NGL extraction facilities and related infrastructure from The Williams Companies.

The deal also came with plans for a new development, and IPL recently announced it will go ahead

with the project.

The \$3.5 billion Heartland Petrochemical Complex is scheduled for completion by the end of 2021, and IPL expects to generate \$450-500 million in long-term annual EBITDA from the project once it goes into service.

The company has raised the dividend each year through the oil downturn. With a payout ratio of 62%, the distribution should be safe.

At the time of writing, the stock provides a yield of 7.4%.

Altagas Ltd. ([TSX:ALA](#))

Altagas owns gas, power, and utility businesses in Canada and the United States. The company is working through its \$8.4 billion purchase of WGL Holdings and expects to raise the dividend by at least 8% per year for 2019-2021 once the deal closes.

Existing assets are performing well, and Altagas wrapped up two important organic growth projects at the end of last year.

The company raised the dividend by more than 4% in the fall, so management should be comfortable with the cash flow outlook.

At the time of writing, Altagas trades at \$26.50 per share, providing a dividend yield of 8.25%.

The bottom line

All three stocks look oversold today, and while more volatility should be expected in the near term, income investors with some cash on the sidelines might want to start nibbling.

The distributions look safe, and there could be some nice upside opportunity on the horizon.

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