



Dividend Investors: 2 Pipeline Stocks for Your RRSP

Description

The energy infrastructure sector is starting to recover from a strong sell-off, but investors can still find value in the group.

Let's take a look at two growing [pipeline](#) stocks that pay attractive dividends today.

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#))

TransCanada operates 91,900 km of natural gas pipelines, 650 billion cubic feet of natural gas storage, 4,900 km of oil and liquids pipelines, and 6,100 megawatts of power capacity. The businesses are located throughout Canada, the United States, and Mexico.

TransCanada has a solid mix of near-term projects and long-term developments to support steady dividend growth. The company expects to put \$11 billion of new assets into service in 2018 and another \$10 billion through the end of 2021.

In addition, TransCanada is evaluating \$20 billion in larger opportunities that would extend growth beyond that time frame.

Dividend growth is targeted at 8-10% per year over the next three years, and investors could see the outlook extended if one of the long-term developments, such as Keystone XL, gets a final approval.

The stock has bounced from \$51 in early April to the current price of \$57 per share, but it is still well off the 12-month high of \$65.

Investors who buy TransCanada today can pick up a [yield](#) of 4.8%.

Inter Pipeline Ltd. (TSX:IPL)

Inter Pipeline is moving ahead with its \$3.5 billion Heartland Petrochemical Complex in Alberta. The plant will convert propane to polypropylene, which is a plastic used to manufacture a broad range of products.

Inter Pipeline expects the facility to be completed by the end of 2021, and it is projecting annual average EBITDA of \$450-500 million from the development.

The company's existing Canadian assets include conventional oil pipelines, oil sands pipelines, and other natural gas liquids (NGL) extraction facilities. Strong throughput on the pipelines and improved market pricing in the gas-processing operations led to record Q1 2018 results.

Inter Pipeline's stock price is up from \$21.50 in late March to \$25, but that's a long way off the \$35 investors paid in 2014.

The company has doubled the monthly dividend from \$0.07 to \$0.14 per share over the past 10 years. At the time of writing, the stock provides a yield of 6.8%.

The bottom line

TransCanada and Inter Pipeline are off their lows, but they still look oversold. The two companies have solid organic growth programs in place, and the existing assets are performing well.

An equal investment in the two companies would provide a 5.8% yield with steady dividend growth on the horizon.

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