



Start 2019 Off With This Great Investment

Description

With just one week left in 2018 and most of us still stirring from the market volatility witnessed over the past few weeks, most investors are already focused on 2019 and beyond.

Identifying a great investment that not only provides growth, but also a growing stream of income remains one of the most highly-coveted and sought after investments on the market.

If you're still searching for that investment, allow me to grant you that Christmas wish by introducing you to **Inter Pipeline Ltd.** (TSX:IPL).

Meet Inter Pipeline

Inter Pipeline is a well-balanced and unique company rife with opportunity. As the name suggests, the company has a sprawling pipeline network that provides a toll-booth like income that is both stable and recurring.

By way of example, in the most recent quarter throughout volumes averaged 1.44 million barrels per day.

While I'm a big fan of [pipeline networks](#) and consider them to be incredible long-term opportunities for investors, there's another compelling reason to consider Inter Pipeline that comes in the form of the \$3.5 billion Heartland Petrochemical Complex that Inter Pipeline is currently constructing.

Once complete in 2021, the complex will convert propane into polypropylene, which could then be used in a variety of manufacturing and processing uses. By some estimates, this could lead to over \$400 million in EBITDA annually for the company.

The Heartland complex is not the only avenue of diversification that Inter Pipeline enjoys; the company also owns a series of storage terminals scattered across Europe thanks to a US\$270 million acquisition announced subsequent to the most recent quarterly update.

What about financials and income potential?

In terms of results, Inter Pipeline is firing on all cylinders. In the most recent quarterly update announced last month, Inter Pipeline announced a quarterly record FFO of \$300 million, surpassing the same period last year by 11%.

The NGL segment also witnessed a record-breaking \$135 million in FFO during the quarter. Net income for the company in the quarter hit \$169 million, reflecting a 19% increase over the same quarter last year.

When it comes to Inter Pipeline's dividend, this is where the company really shines.

In fact, the only thing better than the incredible 8.89% yield on offer is the fact that the dividend payout comes in at a very sustainable 80% of free cash flow over the trailing four quarters and just 55% in the most recent quarter. Adding to this is the fact that Inter Pipeline has hiked that already incredible dividend annually for a decade with an annual growth of 7%.

Final thoughts

There's plenty to love about Inter Pipeline, ranging from its stable business, growth prospects, and its [utterly unbelievable yet sustainable dividend](#).

That's not to say that Inter Pipeline is without risk; in fact, the retreat we've witnessed recently across the market could very well not be done with yet, but even with that falling knife risk, I see the stock as a great long-term option for any portfolio.

Inter Pipeline currently trades at just below \$19 with a P/E of 12.19.

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