



How Would You Like a Growing Monthly Dividend With an 8% Yield?

Description

Over the past few years, a lot of attention has been paid to **Inter Pipeline** (TSX:IPL) and the opportunity that it holds for investors.

For those that are unaware, Inter Pipeline is an energy infrastructure company with over 7,800 km of pipeline that is used to transport over 1.4 million barrels per day. In addition to the pipeline network, Inter Pipeline also operates an array of storage terminals in Europe as well one of the largest NGL businesses in Canada.

Inter Pipeline is in a unique, if not advantageous position within the energy market, as it primarily transports petroleum products for a fee, operating similar to how a toll booth works. In other words, Inter Pipeline doesn't need to worry about the volatile price of oil, as it receives revenues based on the volume being transported, not the market price of oil.

Inter Pipeline's recent quarterly results

Let's take a moment now to talk about Inter Pipeline's most recent quarterly update, which was announced earlier this week. In that most recent quarter, the company reported funds from operations (FFO) of \$273 million, with an average throughput of 1.4 million barrels per day for both oil sands and conventional pipelines, while NGL sales averaged out to a record 37,000 barrels per day over the quarter.

Overall, the company brought in \$630.9 million in revenue, reflecting an increase over the \$618.3 million reported in the same period last year. Over the course of the entire fiscal year, that figure becomes \$2,592.9 million, which showcases a much wider improvement over the \$2,260.6 million across the prior fiscal year.

Best of all, that improvement does not even factor in the significant investment that Inter Pipeline has made over the past year towards both construction and acquisition costs. By way of example, in the most recent quarter, Inter Pipeline completed the acquisition of a European-based bulk liquid storage business for US\$270 million. The storage terminals that were part of the deal are located across both

the U.K. and the Netherlands and should provide additional cash flow for the company in future quarters.

Future potential

There's no denying the fact that Inter Pipeline's recent quarterly announcement raised some eyebrows as to the true potential of the company, but that statement is only half true. Despite the growing revenues and increasing demand for pipelines across the country, Inter Pipeline has another lucrative opportunity that is rapidly becoming a reality through its multi-billion-dollar Heartland Petrochemical Complex.

The \$3.5 billion complex is poised to convert propane into polypropylene, which can be used in a multitude of different manufacturing scenarios. The complex is set to be completed next year and, once operational, could provide upwards of \$400 million in EBITDA annually.

An incredible dividend

Perhaps the most compelling reason to consider investing in Inter Pipeline comes in the form of the company's monthly dividend. The payout currently comes in at \$1.71 on an annual basis, representing an incredible 8.06% yield, which handily places Inter Pipeline in a league among the best-paying dividends on the market.

If that weren't reason enough to add the stock to your portfolio, then consider the fact that Inter Pipeline has hiked that already impressive payout on annual basis going back a decade, with the most recent hike coming last November.

Investors that feel uneasy about that yield can take solace in the fact that the current payout ratio, which has averaged near 60% over the past year. In the most recent quarter, the payout ratio stood at a still impressive 62.1%.

In short, Inter Pipeline is an [excellent long-term holding](#) for nearly any investor looking for exposure to the energy sector. Buy it, forget about it for a decade or two, and let that [juicy monthly dividend](#) work its magic.

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