



Buy Now: This Stock Offers a Stable 8% Monthly Yield!

Description

Incredible investments can be found in [all corners of the market](#), but one investment that has increasingly caught my attention of late is **Inter Pipeline** (TSX:IPL). For investors that are unversed in what the Calgary-based energy company can provide for your portfolio, let's take a look at what Inter Pipeline does and why the company is such an appealing investment option at the moment.

Meet Inter Pipeline

Besides ranking among the largest natural gas and NGL businesses on the continent, Inter Pipeline has an impressive mix of storage, processing, and transportation business segments that are scattered across both western Canada as well as through 23 petroleum and petrochemical storage terminals located in Europe. In terms of size and volume, Inter Pipeline's pipeline network transports well over 1.4 million barrels per day across over 7,800 km, and the company's NGL business has a production capacity of over 240,000 barrels per day of NGL.

Pipeline networks are increasingly popular and lucrative investment options. Besides the obvious high demand for additional pipelines to be built in Canada, pipelines run on a business model that is not unlike a toll road. In short, oil and gas traverse the pipeline network, incurring a fee that is based on the volume being transported. The more oil and gas being transported, the more revenue for Inter Pipeline.

One of the most intriguing developments underway at Inter Pipeline is the \$3.5 billion Heartland Petrochemical complex that is currently under construction. The complex is being designed to convert low-cost propane that is locally sourced into polypropylene — a type of plastic that is used in a growing array of manufacturing and finished products. The complex is the first of its kind in Canada, and the site, which is located near one of Inter Pipeline's existing facilities, is slated to open in late 2021.

Adding to that appeal is the fact that Inter Pipeline's management has been bullish on the potential of the complex, noting that it could generate \$400 million or more in long-term annual EBITDA.

What about results?

As impressive as the current business and the long-term petrochemical complex sounds, also worthy of mention is Inter Pipeline's recent quarterly update for the fourth fiscal of 2018, announced last month.

In that update, Inter Pipeline announced solid numbers that showed growth over the prior period, despite a large increase in capital expenditures. Specifically, the company saw FFO hit \$273 million while maintaining impressive throughput volumes of 1.4 million barrels per day from conventional pipeline systems and a record-setting 37,000 barrels per day in NGL sales volumes.

On an annual basis, the numbers looked even more attractive. FFO over the entire fiscal year hit a record of \$1.1 billion, surpassing the number reported in the previous year by 10%, while net income saw an equally impressive 12% increase to \$593 million.

Want income? Look no further!

If there was one compelling reason to consider investing in Inter Pipeline, it would be the company's dividend. The current monthly distribution provides an extremely appetizing yield of 7.86% while maintaining a very stable payout ratio of just 62% in the most recent quarter and just 60% over the entire fiscal year. This feat alone puts Inter Pipeline into a unique club of [impressive investments](#) that offer incredibly stable and high-yielding dividends.

Adding to that appeal is the fact that in the most recent quarter, Inter Pipeline announced a hike to its dividend, which now provides \$1.71 per share on an annual basis. The recent uptick represents a decade of consecutive annual increases to the dividend, and given the opportunities that Inter Pipeline has on the horizon, it's difficult to fathom that record being broken anytime soon.

In my opinion, Inter Pipeline represents one of the best options on the market at the moment for long-term investors looking to diversify into the energy sector while also looking for a stream of growing income.

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