



Why Inter Pipeline (TSX:IPL) May Be the Hottest Oil & Gas Stock to Buy Today

Description

It's been an eventful month for **Inter Pipeline** (TSX:IPL) stock, to say the least. A strong earnings reports along with rumours of a takeover offer have helped lift Inter Pipeline to new highs for 2019. And, as well as it has done recently, there's still a lot of potential for the stock to continue rising in value.

Let's take a closer look at what's gotten investors so excited and why Inter Pipeline is a hot buy today.

Takeover offer received

Inter Pipeline has been a cheap stock for a while, and so it may not be a big surprise that a buyer saw it as a [bargain](#). The company didn't offer a whole lot of details surrounding the potential offer, only stating the following on its website:

"While it is the company's policy not to comment on market speculation or rumours, Inter Pipeline confirms that it received an unsolicited, non-binding, conditional and indicative proposal to purchase the company but it is not in negotiations with any third party, nor is there any agreement, understanding or arrangement with respect to any such transaction."

However, according to the *Globe and Mail's* sources, Inter Pipeline received a cash offer as high as \$30 a share for the company, which was said to be rejected. The last time that Inter Pipeline stock reached \$30 was very early in 2017, but the last time it consistently traded above that mark was four years ago.

If the rumoured offer is true, turning down such a big premium for the stock would indicate a lot of confidence in the company's future by management. While investors may have been happy to see such a high offer for the stock, there clearly was some skepticism surrounding its legitimacy, as we didn't see Inter Pipeline reach anywhere near that amount, only briefly hitting above \$25 a share as a result of the news.

Record earnings in Q2

Another reason the stock has been doing well lately is that it posted strong earnings in Q2, with profits hitting \$260 million, nearly doubling last year's total of \$136 million. The company only saw a modest 1.7% improvement in its top line, as it was a deferred income tax recovery of \$103 million that helped the company enjoy such a strong profit this past quarter.

Although the result may have been a bit inflated, Inter Pipeline has generally been pretty consistent with reporting strong results over the years. During the past 10 reporting periods, only once has net income fallen below \$100 million, and only twice has it not reached at least \$136 million.

The stock hits all the right points

Inter Pipeline is arguably one of the hottest stocks in the oil and gas sector today. Not only is it a good value buy, but it provides investors with an amazing [dividend](#), and with a party interested in buying the company, it's easy to see the potential upside that the stock has in the near term.

This is all with the oil and gas industry still not really doing all that well or oil prices being particularly strong. However, that makes it an even hotter buy because if things in the industry improve, we could easily see Inter Pipeline's stock easily soar to the \$30 mark with or without an offer to buy the company.

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