



## Can Inter Pipeline (TSX:IPL) Stock Double Your Money?

### Description

**Inter Pipeline** (TSX:IPL) is well known for the juicy income it provides. Currently, it's good for a yield of 7.7%. You might not know that it has kept its dividend intact and, in fact, in most years, it has increased its dividend, since 2002. That's a great feat for an energy stock.

Indeed, Inter Pipeline certainly lies in the category of better energy stock investments. While most oil and gas producers have delivered horrible returns (in deep red), Inter Pipeline's returns have been quite good. Since 2007, before the last recession, the stock has delivered annualized returns of 11.7%, which beat the U.S. stock market by 4.6% per year in the period.

Since the energy price collapse in 2014, the stock has performed badly (returning -3.4% per year) due to the stock being bid up with the investing community being overly optimistic with the high energy prices before the collapse. The stock's safe dividends helped soften the blow.

## Why Inter Pipeline has been a good energy stock investment

[Inter Pipeline](#) is an energy infrastructure company that transports, stores, and processes oil and natural gas. Therefore, it generates stable cash flow with little impact from the volatility of the underlying commodity prices.

Specifically, it has four operating segments: oil sands transportation that has a contracted capacity of 2.3 million barrels per day, natural gas liquids processing that has a production capacity of more than 240,000 barrels per day, conventional oil pipelines, and bulk liquid storage with 37 million barrels of capacity in Europe.



## Can Inter Pipeline stock double your money?

Currently, Inter Pipeline is considering selling its European bulk liquid storage business to help draw out value. Additionally, it has little projects, such as the phase two expansion of the Central Alberta pipeline system for \$100 million, that should add incremental value.

Inter Pipeline is working on the motherload of the multi-year Heartland project, the first integrated propane dehydrogenation and polypropylene complex, for \$3.5 billion.

A combination of stock price appreciation and dividend income could allow investors to double their money in Inter Pipeline stock, assuming the company executes well on its projects.

How long would it take to double your money from the dividend alone? If Inter Pipeline maintains its dividend, based on the current yield of 7.7%, it'd take 13 years.

Moreover, the stock trades at a good value today. Earlier in the year, Inter Pipeline was offered a bid of about \$30 per share to be bought out, but it didn't feel that was the best course to take the company.

As of writing, it trades much cheaper at about \$22 per share, or roughly 9.2 times cash flow, while the average analyst price target suggests that stock should trade about 15% higher.

## Investor takeaway

Given Inter Pipeline's high yield and stable nature, it's best suited for [income](#) or retired investors.

Stay hungry. Stay Foolish.

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