



## This Top Dividend Stock Offers a Crazy 8% Yield!

### Description

**Inter Pipeline** (TSX:IPL) is one of those stocks that investors tend to bypass in lieu of other, larger, and more well-known energy infrastructure investments. That's actually a shame as Inter Pipeline offers investors plenty in terms of long-term growth and income-earning potential.

Here's a look at a few reasons why Inter Pipeline is such a compelling investment option.

### Lucrative business

Inter Pipeline is an energy infrastructure company. The company has four segments that are broadly grouped into conventional pipelines, oil sands transportation, NGL processing, and bulk liquids storage.

Each of those segments are well diversified and deserving of a quick overview. The oil sands transportation segment represents over 3,300 km of pipeline and 3.8 million barrels of storage capacity. In the most recent quarter, the segment earned \$520.4 million.

The conventional oil pipeline business, which includes 3,900 km of pipeline and 1.3 million barrels of storage capacity, contributed \$146.2 million in earnings in the most recent quarter. Inter Pipeline's NGL processing unit, which has a production capacity of over 240,000 barrels per day, realized earnings of \$137.5 million in the most recent quarter. The bulk liquids storage unit, which consists of 23 storage terminals across Europe, saw earnings of \$6.5 million.

While each unit generates earnings for the company, it's worth noting that each segment is diverse from the other — something that few peers can match. Adding to that appeal is the fact that the two pipeline segments are, in many ways, passive-income generators for the company, often compared with a toll-road network.

### Future growth

As impressive as Inter Pipeline sounds, the company also has an emerging new business. The \$3.5

billion Heartland Petrochemical Complex is currently under construction and slated to complete within the next year. Once complete, the complex will take locally sourced propane and convert it into a type of plastic used in a variety of manufacturing processes.

The facility will be the first of its kind in Canada, and Inter Pipeline notes that the addition of the complex will generate EBITDA of \$400 million on an annual basis.

## Strong dividends

What could be better than multiple, solid, recurring-revenue business segments? How about a solid and [sustainable dividend](#) that pays out on a monthly cadence! Inter Pipeline's monthly dividends amazingly remains one of the best-kept secrets on the market. The current yield amounts to an incredible 8.32% yield, which handily puts Inter Pipeline among the best-paying dividend stocks not just within the energy sector but across the entire market.

## When should you buy?

As incredible of an investment that Inter Pipeline is, the stock is trading down over 13% so far this year, although much, if not all, of that drop can be attributed to the sell-off we've seen in the past two-week period.

Despite the recent pullback, Inter Pipeline remains a [solid long-term investment](#) for nearly any portfolio. Prospective investors should view this pullback as an opportunity to buy into a great company at an attractive price.

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