



Enbridge Inc.: This Company Hasn't Missed a Dividend Payment in 61 Years

Description

This company has done the impossible. It has paid out a distribution to shareholders like clockwork for over half and century. In fact, this long-standing dividend champion hasn't missed a payment since 1953 — when Louis St. Laurent was prime minister.

I'm talking, of course, about Canadian pipeline giant **Enbridge Inc.** ([TSX: ENB](#))([NYSE: ENB](#)). Think about everything that has happened over the past 61 years — wars, bubbles, financial crises. The list goes on and on.

Yet for this firm it hardly mattered. This company has coasted through every economic downturn Canada has ever faced without skipping a single dividend payment to shareholders. That's why this stock deserves a permanent place in any income portfolio.

Attention, investors: The one dividend stock to buy and hold forever

Enbridge is one of those forever stocks: a giant, blue-chip company with a sustainable competitive advantage.

Its businesses — pipelines, power transmission, and natural gas terminals — are like toll roads. Enbridge charges a fee on every barrel that flows through its network. Regardless of oil and gas prices, the company makes its money by delivering that energy.

Enbridge has more than 2 million customers in its gas distribution network. There aren't exactly competing sets of gas pipes routed into your house to easily switch amongst competitors. If the company is in your neighborhood, you're paying Enbridge for delivery.

Given all of this, is there any question as to how the firm has been able to pay an uninterrupted dividend for over 60 years? Of course, nothing is guaranteed. However, history shows that it's companies like Enbridge — firms that dominated their respective industries and sport sustainable competitive advantages — that outperform over the long haul.

The biggest complaint I hear against the company from income investors is the payout. The distribution won't blow your socks off given that the stock yields less than 2.5%. But overlooking this name because of its meager dividend would be a mistake.

Enbridge is an example of what decades of small distribution hikes can do for a stock's yield. Over the past 10 years, the company has increased its dividend at a 12% annual clip. If you had bought and held the stock over that time, the yield on your original investment would be 11.5% today.

What if we were to continue this thought experiment for another decade? Assuming Enbridge continues to raise its dividend at a 10% annual pace, by 2024 the yield on our original investment will have grown to nearly 30%. Skipping over this stock because of its measly payout today would be shortsighted.

This company hasn't cut its dividend since 1953

Enbridge CEO Al Monaco's opening remarks at the company's annual Investor Day conference are telling. He emphasized that the company has never reduced the dividend to shareholders once in the company's 61 year history. Don't expect him to start now.

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Date

2025/07/05

Date Created

2014/09/18

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