



Enbridge Inc.: 1 Dividend Stock to Own Forever

Description

If you want to own sexy technology stocks to impress friends at the next cocktail party, then dividend investing isn't for you. But if you prefer owning good old-fashion businesses that produce reliable profits, then you'll like this strategy just fine.

Case in point: **Enbridge Inc.** ([TSX: ENB](#))([NYSE: ENB](#)).

Enbridge owns 47,000 kilometres of oil and gas pipelines — enough to criss-cross the country seven times. Even if you have never heard of it, the company is vital to your daily life. Without the commodities Enbridge ships through its network, the global economy would screech to a halt.

That means Enbridge sees steady demand for its services, just like a utility. The company charges a toll for every barrel of oil or gas that flows through its network. This largely insulates the company's profits from wild swings in energy prices.

This business model would put any action junky to sleep. However, it has been a profitable formula for investors. Last year, Enbridge distributed \$850 million to its shareholders. That remarkable amount of cash shows just how dedicated management is to lining investors' pockets.

But that's nothing compared to what could be coming next...

Thanks to new drilling technology, energy production is booming across North America. The amount of oil and gas being pulled out of the ground today is only a fraction of what we'll likely see in the coming years. According to estimates from the Canadian Association of Petroleum Producers, the country's energy output is expected to double by 2030.

Companies that collect, ship, and store all of this energy are poised to make a tonne of money. Enbridge is positioned to do just that. It has a staggering \$44 billion in secured expansion projects — about 100% of its current market capitalization — on its books. That includes thousands of miles of new pipelines, storage facilities, and processing plants.

For shareholders, this has all translated into steady dividends. Over the past five years, Enbridge has

increased its payout at an impressive 14% compounded annual clip. The company typically announces dividend hikes every February, and I fully expect it to come through with another double-digit increase next year.

Who else wants more dividend income?

The bottom line: Owning this stock won't impress any friends around the watercooler. But Enbridge is a Forever Stock with a growing dividend. For investors who will trade adrenalin for returns, this is an excellent addition to any income portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. NYSE:ENB (Enbridge Inc.)
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