



## The Top 5 Energy Dividend Stocks

### Description

A rising tide lifts all boats. Therefore, it's easier to spot the top companies during harsh operating environments. Right now, all stocks in the energy sector are experiencing pain because the oil price has plummeted. And that's how the gems can be found.

Dividends are great because they allow us to have positive returns even when the share price has gone down, as long as the business is still hanging in there, and perhaps even doing better than that.

Here are the top five energy stocks that remain solid investments even in the face of low oil prices. Comparatively speaking though, we ought to applaud for the oil and gas midstream industry, as three of the top five fall under that category.

### The biggest pipeline company

First, there's **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) in the number one spot. It's the biggest oil and gas midstream company in Canada by market capitalization, and it has increased its dividend for 19 years in a row no matter what the oil price was doing. No wonder it had the ability to hike its dividend by 32.9% in February. Through to 2018, Enbridge projects its dividend to increase at a compound annual growth rate of 14-16%.

### A smaller pipeline company, but still big

Second, there's **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) in the second place. Its market capitalization is \$34.2 billion, which is still a large cap, but it's smaller than Enbridge. TransCanada has hiked its dividend for 14 years in a row, and it raised it by 8.3% in March, outpacing inflation easily.

### Surprise, surprise, another pipeline stock

Third, there's **Inter Pipeline Ltd.** ([TSX:IPL](#)), the smallest pipeline of the three, but it still has a six-year streak of increasing its dividend. It raised it last in November at a rate of 14%.

## The one with a rock-solid balance sheet

Coming in fourth place is **Imperial Oil Limited** ([TSX:IMO](#))(NYSE:IMO). If you're looking for the most solid balance sheet, look no further than Imperial Oil. It has the highest S&P credit rating of AAA. Additionally, on a calendar-year basis, it has hiked its dividend for 20 years in a row.

## The one that came in fifth

Too bad Imperial Oil only starts you off with a 1.1% yield. So, Foolish investors may consider **Suncor Energy Inc.** ([TSX:SU](#))(NYSE:SU), which starts you off with a higher yield of 3.1%. Suncor still has a high S&P credit rating of A-. It has increased its dividend for 12 years in a row, and last raised it by 3.6% in July.

## In conclusion

If you're looking for the top energy companies, start with the pipeline companies, as they've been doing much better as a group than other energy companies because their business model allows them to generate more predictable cash flow regardless of the commodity price.

Both Enbridge and TransCanada are great choices, but the former yields 3.3% with projected 10-12% earnings growth, while TransCanada yields a higher 4.3% with estimated 8% growth.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TRP (Tc Energy)
4. NYSEMKT:IMO (Imperial Oil Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:IMO (Imperial Oil Limited)
7. TSX:SU (Suncor Energy Inc.)
8. TSX:TRP (TC Energy Corporation)

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