



## Enbridge Inc. Shows No Signs of Slowing Down

### Description

The Canadian energy sector has been hard hit over the past couple of years. A persistent lack of pipeline capacity has weighed on oil prices in the country, which has only been made worse by the global glut of oil. This has had a deep impact on the country's ability to grow oil production, which will only get harder to do with additional environmental regulations coming down the pipeline.

However, despite all of this negativity, **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) sees a bright future for its investors.

### Putting more income in investors' pockets

For the past few years, high oil prices and rapid growth have put robust dividend income into energy investors' pockets. However, with the oil price crash, many of these payouts have ceased to exist. That's largely because these companies had too much debt and were entirely exposed to the volatility of oil prices.

Enbridge, on the other hand, is a different type of energy company because most of its income is generated from fees collected for transporting, storing, or generating energy—it is not generated from commodity prices. Because of this embedded reliability of income, the company is one of the few that's actually growing its payout during the downturn.

The company announced a 14% increase to its dividend just last week, which CEO Al Monaco said "reflects the confidence we have in our outlook, underpinned by the strength of our business, an industry-leading growth program, and our solid financial position."

### More growth on the way

The industry-leading growth program really is pretty remarkable. The company will enter 2016 in the midst of a five-year strategic plan that includes a \$38 billion growth program, \$25 billion of which is commercially secured and in execution.

These projects are expected to drive 15-18% compound annual average growth in available cash flow

from operations through 2019, which in turn is expected to support 14-16% in annual average dividend growth over that same time frame.

In addition to this robust growth pipeline, Enbridge is also sticking with its plan to invest \$7.9 billion to build the Northern Gateway pipeline, despite intense opposition and new road blocks. The company expects to make a final decision to move forward with the pipeline by the end of 2016.

And while the outlook currently looks bleak, Monaco recently said that the company is not giving up on the project. That's largely because Canada still needs more export pipeline capacity, especially capacity that takes its oil in the direction of Asian markets.

### **Investor takeaway**

Enbridge is built on a foundation of fee-based assets, which generate steady cash flow in good and bad markets. And because the company has continued to add to that foundation, it is in the position to grow its payout when most other energy-related companies have had to cut back on dividends.

Further, with a pipeline full of projects under construction, Enbridge's dividend growth is showing no signs of slowing down, making it a great income choice for dividend-hungry investors.

### **CATEGORY**

1. Energy Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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