1 Dividend Chart Every Investor Should See

Description

Weak oil prices have hit the energy patch hard. The majority of energy companies have slashed their dividends, savagely cut costs, and significantly reduced capital expenditures.

Despite this doom and gloom, one energy stock continues to surge ahead, proving that its business is highly resilient to weak oil prices. This company is pipeline and midstream services provider **Enbridge Inc.** (TSX:ENB)(NYSE:ENB).

Now what?

Not only is Enbridge proceeding with its $44 billion capital development program regardless of the collapse in oil prices, but the company continues to unlock value for investors despite the harsh operating environment.

You see, Enbridge's business possesses a wide economic moat that protects it from competition. This, along with the ongoing demand for crude and the fact that it operates in a highly regulated, oligopolistic industry, helps to shield its earnings from downturns in the economic cycle or commodity prices.

As a result, Enbridge has been able to hike its dividend every year since 1996 because of the resilience of its earnings, as the chart shows.

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ENB Dividend History 040115 *Source: Enbridge Investor Relations*

This gives its dividend a very impressive compound annual growth rate of almost 11% over the last 20 years and a juicy yield of just under 5%. These are impressive figures for what is considered to be a stable blue-chip stock, highlighting just why it should be a core holding in every portfolio.

I expect Enbridge to be able to continue hiking its dividend and achieve its target of 14-16% annual dividend growth.

You can tell a lot about a business by how it behaves during times of crisis. At the time of the global financial crisis, when many companies were cutting their dividends or eliminating them altogether, Enbridge increased its dividend.

Then investors should consider that Enbridge remains committed to growing its business.

It has a solid portfolio of projects under development that includes 26 commercially secured projects that are due for completion sometime between now and the end of 2017. These projects will substantially increase the capacity of its network of oil and natural gas pipelines, giving earnings a healthy bump, particularly once oil rebounds.

Enbridge is also focused on acquiring interests in a range of renewable energy assets. This is particularly important because the use of fossil fuels is coming under increasing regulatory pressure as we can see with the historic Paris climate change accord, which aims to eventually eliminate the use of fossil fuels. These acquisitions include the purchase of a 103 Megawatt wind project in West Virginia and a 25% interest in an offshore wind project in the U.K. during the second half of 2015.

So what?

The sell-off of energy stocks as a result of the oil crunch has left Enbridge attractively priced; it is down by 25% over the last year. When this is considered in conjunction with its extremely resilient business model, it is clear that now is the time to acquire Enbridge. This is even more so when the solid history of dividend hikes is taken into account, along with its juicy yield of almost 5%, which will continue to reward patient investors as they wait for Enbridge to benefit from the long-awaited recovery in oil prices.

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