

## Enbridge Inc. vs. Altagas Ltd.: Which Is a Better Dividend Bet?

### Description

The energy infrastructure segment is popular with dividend investors.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see if one is more attractive today.

### Enbridge

Enbridge has a long track record of dividend growth, and investors who have owned the stock for decades are sitting on some impressive gains.

In fact, a \$10,000 investment in Enbridge 20 years ago would be worth more than \$300,000 today with the dividends reinvested.

There's no guarantee the stock will deliver similar returns in the next two decades, but the outlook remains strong.

Why?

Enbridge recently completed its \$37 billion acquisition of Spectra Energy. The deal creates North America's largest energy infrastructure company and sets investors up for some solid dividend growth.

Enbridge now has about \$27 billion in near-term developments and an additional \$48 billion in projects with a longer-term profile.

As these assets are completed and go into service, Enbridge expects cash flow to increase enough to support dividend hikes of at least 10% per year through 2024.

The current distribution provides a yield of 4.1%.

### Altagas

Investors often overlook Altagas when considering an investment in the energy infrastructure sector, but that might begin to change.

In fact, some pundits see this stock as a young Enbridge.

The company has an attractive asset mix located in both Canada and the United States, covering power, gas, and utility segments.

Altagas recently announced plans to buy Washington D.C.-based **WGL Holdings** for \$8.4 billion. The deal is expected to close in 2018 and should provide a nice boost to earnings and cash flow.

Altagas also has some organic projects underway. The company is building a natural gas storage

facility in Nova Scotia and has several developments in British Columbia, including a propane export terminal in Prince Rupert.

Management plans to raise the dividend by at least 8% per year through 2021. The current distribution provides a yield of 6.8%.

### **Is one more attractive?**

Both stocks should be solid buy-and-hold picks with attractive dividend growth.

If you want the highest yield and like the idea of betting on the underdog, Altagas might be the way to go today.

For investors who prefer to own the industry leader with longer-term dividend-growth guidance, Enbridge is an attractive pick.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

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