



## 3 Energy Sector Greats That Pay Impressive Dividends

### Description

I love dividend-paying investments. If you start investing early enough, those reinvested dividends can provide an incredible lift to your portfolio over the long term, and investors with more immediate needs can benefit from what is often an [impressive stream of income](#) while not touching their primary investment.

Canada's energy segment provides ample options for income-seeking investors to consider.

There's just not enough I can say about **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). The energy infrastructure company has a business model that is so ludicrous, it's beyond comprehension. Simply put, Enbridge has a pipeline network of thousands of kilometres that traverses North America. Oil companies that are looking to transport their crude to refineries pay Enbridge to use its pipeline network; it's not unlike a toll-based highway.

It's an incredibly stable and recurring revenue business model that should have long-term investors salivating.

But that's not even the best part.

Enbridge has a backlog of shovel-ready projects that is measured in the billions, and its stock price currently [trading at a discount](#) owing to the massive debt it took on as part of its merger last year with Spectra Energy. To deal with that debt, Enbridge is selling off some assets and restructuring itself to realize savings and efficiencies.

In terms of a dividend, Enbridge offers a mouth-watering 5.77% yield.

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is a staple of the energy sector. As the largest integrated energy company in Canada, Suncor offers investors a number of compelling reasons to invest in the company.

First, as one of the largest energy companies in North America, and one of the largest in the oil sands, Suncor has reached a level of efficiency and output that other companies can only dream of. When oil prices fell to nearly US\$30 per barrel, Suncor was one of a few oil companies still turning a profit

thanks to its impressive costs, which were well into the US\$20-per-barrel range.

That stellar efficiency allowed Suncor to continue investing in major initiatives during the downturn as well as acquire other competitors or projects such as the larger share in the Syncrude project. Now that oil prices have recovered from their multi-year lows, and many of Suncor's development projects are coming online, a slew of improving results and dividend hikes should follow.

In terms of a dividend, Suncor pays a quarterly dividend with a yield of 2.67%. The company most recently hiked the dividend earlier this year by an impressive 12.5%.

**Inter Pipeline** (TSX:IPL) is another interesting pick for an income-first portfolio. The company offers a very appetizing 6.80% yield, which, despite that high level, appears to be both stable and growing. In fact, in the most recent quarterly announcement from earlier this week, Inter Pipeline's quarterly payout level was at a very respectable 62%.

Funds from operations for the quarter also came in at impressive levels, with the \$262 million reported for the quarter topping the same quarter last year by an impressive 26%, and net income from the quarter came in at \$136 million.

In terms of growth, Inter Pipeline is actively working on the \$3.5 billion Heartland Petrochemical Complex, and the company recently received approval for an \$82 million expansion of the Central Alberta Pipeline system.

In other words, Inter Pipeline has both growth and income prospects that should justify its place in nearly any portfolio.

## CATEGORY

1. Dividend Stocks
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