

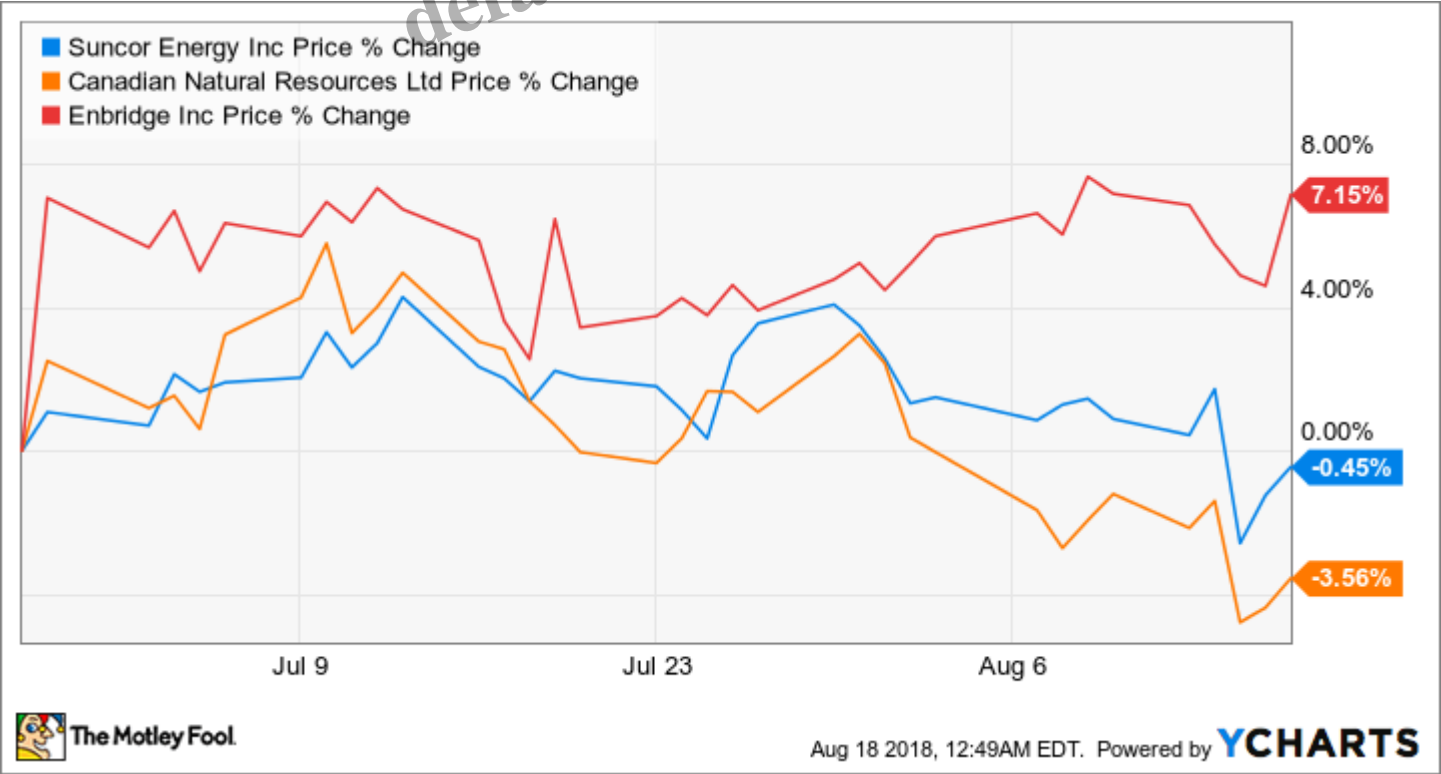


3 Stable Dividend-Growth Stocks From the Energy Sector

Description

If you're looking for the most [stable investments in energy](#), you should consider **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)).

Despite the roughly 8% dip in the WTI oil price since July, the stocks have hardly budged. In fact, in the case of Enbridge, it has actually appreciated.



SU data by YCharts

Suncor Energy

Suncor Energy stock has remained stable because it is an integrated energy company with diversified businesses. Suncor Energy has operations in oil sands development and upgrading, offshore oil and gas production, petroleum refining, and product marketing under the Petro-Canada brand. Therefore, its performance tends to be much more stable than oil and gas producers that rely on a higher pricing of underlying commodities.

Suncor Energy is an A-grade company with a strong cash flow generation. It has been increasing its dividend per share for 15 consecutive years. Its five-year dividend growth rate is 20.7%. At the recent quotation of about \$52.70 per share, Suncor Energy offers a safe dividend yield of 2.7%.



Canadian Natural Resources

Canadian Natural Resources is a large oil and gas producer that generates strong cash flow. Management most recently estimated funds-flow-per-share growth of about 34% this year compared to last year.

Management estimates Canadian Natural Resources' 2018 production mix will be about 25% natural gas, about 38% oil sands mining and upgrading, about 25% heavy crude oil, and about 12% light crude oil and natural gas liquids.

Canadian Natural Resources has an investment-grade S&P credit rating of BBB+. It has been increasing its dividend per share for 17 consecutive years. Its five-year dividend growth rate is 21.2%. At the recent quotation of about \$44.60 per share, Canadian Natural Resources offers a safe dividend yield of 3%.

Enbridge

Enbridge is another stable energy business with a strong history of paying reliable dividends. It has paid a dividend for over 64 years, and it has increased its dividend per share for 22 consecutive years. Its five-year dividend growth rate is 16.4%. At the recent quotation of about \$47 per share, Enbridge offers a safe dividend yield of 5.7%.

Enbridge generates roughly 96% of stable and predictable cash flows. As the largest North American energy infrastructure company, Enbridge commands a wide moat with its large scale. Management aims to increase the company's dividend per share by 10% per year on average from 2018 through

2020.

Investor takeaway

If you're looking for a particularly stable energy name, you should consider Suncor Energy on meaningful dips.

If you're bullish on oil and gas prices, you should consider Canadian Natural Resources, which will have substantially more upside than Suncor Energy and Enbridge should oil and gas prices improve.

If you're focused on income, consider Enbridge, which offers the biggest yield of the three.

Not the energy stocks you're looking for? Consider [other cheap energy stocks](#).

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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