3 Long-Term Picks From the Energy Sector

Description

Canada is blessed with an abundance of natural resources. Many of those resources, particularly within the mining and energy segments of the economy, have immense long-term appeal to investors.

Invest in one of the largest pipelines on the planet

Enbridge (TSX:ENB)(NYSE:ENB) is one of the largest energy infrastructure companies on the planet. Enbridge's massive pipeline network is charged with hauling crude and gas from the oil-rich regions of Alberta to refineries and storage facilities that stretch down to the U.S. Gulf Coast.

In fact, Enbridge carries more than half of the Canadian crude bound for the U.S. market as well as one-fifth of all the natural gas needs for the U.S. market.

That's not even the main reason why investors should consider Enbridge.

Pipeline businesses such as Enbridge charge by volume, and not by the volatile price of the commodities they are carrying. This means that irrespective of the price of oil, Enbridge is paid a consistent fee, which in turn makes the stock an incredibly stable pick in an often volatile segment.

Throw in a quarterly dividend that provides an ample 5.84% yield, and Enbridge is a hard investment to ignore.

Enbridge currently trades at $50 with a P/E of 17.45.

This energy stock has a first-to-market advantage

Inter Pipeline (TSX:IPL) is another appealing investment to consider. In addition to operating a sizable pipeline network that provides similar benefits to Enbridge, Inter Pipeline boasts a massive storage business in Europe with a 37-million-barrel capacity.

Among the various initiatives underway, the most appealing is Inter Pipeline's new Heartland

Petrochemical Complex. The $3.5 billion facility is currently under construction and, once complete, will take locally sourced propane and convert it into polypropylene. Polypropylene is an in-demand type of plastic used in a variety of manufacturing processes, and the facility, which will be the first of its kind in Canada, is expected to provide up to $450 million in annual EBITDA.

In terms of a dividend, Inter Pipeline offers an appetizing monthly distribution with a staggering current yield of 7.73%.

Inter Pipeline currently trades at just over $22 with a P/E of 15.37.

This energy behemoth has it all

It's hard to mention Canada's energy sector without mention of **Suncor Energy** (TSX:SU)(NYSE:SU). Suncor is best known for its large and mature oil sands assets, which is where most of the company's production stems from.

The sheer size and maturity of Suncor and its assets mean that the company is able to turn a profit, even when the price of oil drops significantly, as it did during the slowdown in 2014-2015. This also means that the inverse is true too- if oil surges to new highs, Suncor immediately reaps the benefits of that gain.

As impressive as that may sound, the real reason why investors will want to consider Suncor is because of the company's well-integrated business lines. In addition to operating the largest share of the oil sands, Suncor owns four refineries as well as over 1,500 Petro Canada locations across the country. This downstream business does well enough to fund Suncor's dividend and invest in different areas such as renewable energy solutions.

Speaking of that dividend, the quarterly payout works out to an impressive 3.99% yield, and Suncor has provided investors with annual upticks to that dividend for several years.

Suncor currently trades at just over $41 with a P/E of 13.17.

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2. Energy Stocks
3. Investing

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