



Great Energy Sector Stocks to Buy

Description

How diversified is your portfolio? One of the takeaways from the COVID-19 pandemic is the [need to diversify](#) with one or more defensive stocks. Those defensive investments should be from a broad section of the economy, which can be a daunting ask for some.

Further to this, some segments of the market are more defensive than others, with varying levels of risk. An example of this is identifying a great energy sector buy.

Fortunately, there are several compelling energy sector options to consider.

Here's an energy behemoth to make you rich

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a name that most investors should be familiar with. The energy infrastructure behemoth operates one of the largest pipeline networks on the planet, which is well-diversified across different segments.

With oil prices serving as one of the most volatile areas of the market, why should you consider Enbridge? The answer is two-fold.

First, Enbridge's pipeline network provides a steady stream of revenue for the company that isn't impacted by the price of oil. In short, the company doesn't charge based on the commodity price, but rather the volume traversing its network. This factor alone makes Enbridge a stable stock in a sea of volatility with a huge upside.

That upside comes in the form of Enbridge's massive backlog of projects to expand and upgrade its already enviable network. A key example here is the often-mentioned Line 3 replacement project.

Finally, there's Enbridge's dividend. Enbridge is well known to income investors, and for good reason too. The company currently boasts a quarterly dividend with an impressive 7.40% yield.

In short, [buy it](#), hold it, retire rich.

Wait...another pipeline?

Let's take a moment to talk about **Inter Pipeline** (TSX:IPL). The energy infrastructure was somewhat of a hidden gem on the market, at least until recently. The reason I said *was* stems from the company's decision earlier this month to cut its once appetizing monthly dividend.

To be clear, Inter Pipeline's current yield still offers a respectable 3.77%. What exactly makes Inter Pipeline a great energy sector buy?

Like Enbridge, Inter Pipeline operates across several segments. The company has a pipeline network that provides a recurring revenue stream and also operates an impressive NGL business and a bulk liquids storage business in Europe.

In terms of results, Inter Pipeline reported funds from operations of \$208 million in the most recent quarter. The oil sands transportation business saw a 5% increase over last year, reporting FFO of \$155 million. Pipeline throughput for the period averaged 1,527,800 barrels per day, reflecting a 10% increase over the same quarter last year.

Turning to growth, Inter Pipeline is in the process of building the Heartland Petrochemical Complex. The \$4 billion complex will take locally-sourced propane to produce polypropylene. Polypropylene is an in-demand plastic that is used in a variety of manufacturing processes.

The facility will be the first of its kind in Canada and is expected to provide Inter Pipeline with an additional \$400 million EBITDA annually.

Construction on the complex is set to complete within the next year, which means that prospective investors should see the current market slowdown as an opportune time to buy.

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2. Energy Stocks
3. Investing

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Date

2025/07/20

Date Created

2020/05/27

Author

dafxentiou

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