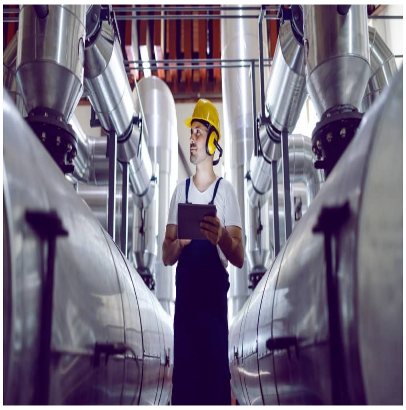

Enbridge (TSX:ENB): The Energy Stock for Every Portfolio

### Description

**Enbridge** (TSX:ENB)(NYSE:ENB) is one of the largest energy infrastructure companies on the planet. There are several compelling reasons why Enbridge is *the* energy stock for every portfolio. Here's a look at why this is a great time to buy Enbridge.



## What does Enbridge offer? An energy stock for *every* portfolio

Enbridge is best known for its massive pipeline network, which forms the backbone of the company's reliable revenue stream. The model draws parallels to a toll-road network, as pipeline customers are not charged by the commodity being transferred. Instead, they are charged by the volume or distance traveled. In other words, Enbridge has a defensive moat that is shielded from volatile oil prices.

Adding to that appeal is Enbridge's gas transmission and distribution business. The segment provides a stable revenue baseline that can be a fall back for when global demand for oil dips. This was the case during the COVID-19-related closures we saw earlier this year.

Despite operating a stable business with a reliable revenue stream, Enbridge continues to invest in growth. The company has $5 billion in growth initiatives targeted over the next two-year period. Across all of those initiatives, the company plans to see distributable cash flow growth of up to 7%. One growth area that investors should take focus on is renewables. Enbridge's renewable energy business generated an adjusted EBITDA of $361 million across the current quarter, representing 4% of company EBITDA.

By way of example, Enbridge has two separate renewable energy projects underway in France. Once operational, both facilities will have a generating capacity of 980 MW.

## Say yes to dividends!

If there was a single overarching reason why investors continue to flock towards Enbridge, it would be dividends. Why? Enbridge provides investors with a very handsome quarterly dividend, which works out to an impressive 8.10% yield. This makes Enbridge one of the highest-paying yields on the market and one of the best income generators for 2021. Recall that Enbridge's dividend is backed by the reliable revenue model I mentioned above.

Turning to growth, this is where Enbridge really begins to shine. Enbridge has provided consecutive annual increases to its dividend for 25 years, making it a proud Dividend Aristocrat. Those annual upticks have averaged out into double-digit territory historically but have slowed in recent years. Still, if Enbridge was to see its dividend growth halve, the company would still offer a very healthy 5-6% annual uptick.

## One final reason to consider Enbridge

The COVID-19 pandemic has wreaked havoc on nearly every business. In the case of Enbridge, the stock is down a whopping 20% year to date. This makes an otherwise solid long-term investment option a bargain buy at the moment. That opportunity goes in hand with the growth prospects and recurring revenue stream that I mentioned above.

In other words, Enbridge is the complete package for long-term investors. If you haven't already bought Enbridge, now might be a great time to add the energy stock for every portfolio.



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