



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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