



Why I Own Enbridge Stock

Description

Is your portfolio diversified? There are plenty of great stocks on the market that can provide ample growth and income-producing potential. One stock that poses a great opportunity right now is **Enbridge** ([TSX:ENB](#)). Here are a few of the reasons why I own Enbridge stock and why you should consider it, too.

Enbridge is of the most defensive options on the market

For those who are unfamiliar with Enbridge, the company is an energy infrastructure behemoth. Enbridge is primarily known for its massive pipeline network, which generates the bulk of its revenue.

To understand the importance of that pipeline network, let's talk about just how much oil and natural gas Enbridge moves along that network. The pipeline network is responsible for hauling nearly one-third of all North American-produced crude, and one-fifth of the natural gas needs of the U.S. In the most recent quarter, that worked out to 2.95 million barrels per day of crude.

Enbridge's pipeline network is a defensive operation that generates the bulk of Enbridge's revenue. In the most recent quarter, that worked out to \$2.3 billion, or 60% of the company's overall adjusted EBITDA. But that's not even the best part.

Enbridge charges for use of that pipeline network and that use is *not* based on the volatile price of oil. In other words, Enbridge's bottom line is largely removed from the volatility of oil prices. It's like a toll-road network that generates a handsome revenue stream.

This factor alone makes Enbridge a great defensive pick, but that's not the only reason why I own Enbridge stock.

Enbridge does more than pipelines

In addition to that superb pipeline business, Enbridge offers several other segments that are worth

noting. Specifically, Enbridge boasts a growing renewable energy operation. That business includes wind, solar, and hydro facilities across Canada, the U.S, and Europe.

Enbridge also operates one of the largest natural gas utilities. That utility blankets 15 million people across both Ontario and Quebec.

Let's not forget growth

Another reason why I own Enbridge is because of the company's approach to growth. Despite operating a lucrative and defensive operation today, that's no reason why Enbridge shouldn't continually invest in the future.

Those growth investments also allow Enbridge to shift its revenue stream over time to diversify into emerging areas, such as renewables.

Speaking of renewables, Enbridge has already invested over \$8 billion into the segment over the past two decades. That investment is only going to grow as global markets transition over to renewables over the next few decades. A recent example of a clean energy deal is the acquisition of Tri Global Energy earlier this year. Tri Global is known for both its wind and solar projects, boasting a total operating capacity of over 7 GW of renewable capacity. The company is also one of the largest wind developers in the U.S. market.

That long-term growth dovetails nicely with a slew of renewable energy targets and policies which are in place over the next decade across the U.S.

Did someone say dividends?

One of the best reasons why [investors](#) continue to flock to Enbridge is the company's stellar [dividend](#). That dividend is paid out on a quarterly cadence, and currently boasts a juicy yield of 6.20%, making it one of the better-paying dividends on the market.

To put that earnings potential into context, let's consider a \$40,000 investment. For that initial investment, you can earn a first-year income of \$2,480. And if you aren't ready to draw on that income just yet, reinvesting it until needed can significantly grow your future income.

Speaking of reinvesting, there's one more point to note about Enbridge's dividend. Enbridge has offered a juicy annual uptick for 27 consecutive years and plans to continue that practice for the foreseeable future.

The set-and-forget potential of Enbridge is a huge reason why I own Enbridge, and you should, too.

Final thoughts on why I own Enbridge

No investment is without risk. Fortunately, Enbridge checks off many of the boxes of a great investment. In my opinion, Enbridge should be a core holding in any well-diversified portfolio.

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Date

2025/06/28

Date Created

2022/11/14

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