



## Should You Buy Enbridge Inc. Following its Strong Q4 Earnings Report?

### Description

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)), one of world's leading transporters and distributors of crude oil and natural gas, announced fourth-quarter earnings before the market opened on February 19, and its stock responded by rising slightly in the trading session that followed. Let's take a closer look at the company's quarterly results to determine if its stock represents a long-term investment opportunity today.

### Breaking down the fourth-quarter results

Here's a summary of Enbridge's fourth-quarter earnings compared to its results in the same period a year ago.

Metric	Q4 2014	Q4 2013
Earnings Per Share	\$0.49	\$0.44
Revenue	\$8.80 billion	\$8.29 billion

Source: *Enbridge Inc.*

Enbridge's earnings per share increased 11.4% and its revenue increased 6.1% compared to the fourth quarter of fiscal 2013. The company's double-digit earnings per share growth can be attributed to the net income increasing 13% to \$409 million, while its strong revenue growth can be attributed to transportation and service revenues increasing 174.8% to \$1.77 billion and gas distribution sales increasing 17.6% to \$835 million, which more than offset the negative impact of commodity sales decreasing 10.8% to \$6.94 billion.

Here's a quick breakdown of 10 other notable statistics and updates from the report compared to the 2013 period:

1. Delivered 2.96 million barrels per day on average in its Liquid Pipelines segment, an increase of 11.4%
2. Distributed 129 billion cubic feet of gas during the quarter, a decrease of 4.4%

3. Averaged 2.78 billion cubic feet of throughput volume per day in its Gas Pipelines, Processing, and Energy Services segment, a decrease of 1.9%
4. Number of active customers increased 1.6% to 2.1 million in its Gas Distribution segment
5. Total operating expenses decreased 6.9% to \$7.91 billion
6. Income from equity investments increasing 36% to \$117 million
7. Cash provided by operating activities decreased 16% to \$656 million
8. Total assets increased 26.6% to \$72.86 billion
9. Paid out a quarterly dividend of \$0.35 per share for a total cost of approximately \$297 million, compared to a quarterly dividend of \$0.315 per share for a total cost of approximately \$261 million in the 2013 period
10. Ended the quarter with \$1.26 billion in cash and cash equivalents, an increase of 62.5% from the end of the 2013 period

Enbridge also announced a 32.9% increase to its quarterly dividend to \$0.465 per share, which brings its annual payment to \$1.86 per share, and this increase will be effective as of March 1, 2015.

### **Should you buy shares of Enbridge today?**

Enbridge is one of the world's leading transporters and distributors of oil and natural gas, and increased demand for its services and decreased expenses led it to post very strong fourth-quarter results, and its stock reacted accordingly by making a slight move to the upside in the trading session that followed.

Enbridge represents an attractive long-term investment opportunity today, because it trades at inexpensive valuations and because it pays a bountiful dividend.

First, Enbridge's stock trades at 32.5 times fiscal 2014's adjusted earnings per share of \$1.90, just 27.5 times fiscal 2015's estimated earnings per share of \$2.25, and only 23.4 times fiscal 2016's estimated earnings per share of \$2.64, all of which are inexpensive compared to its five-year average price-to-earnings multiple of 39.4.

Second, Enbridge now pays an annual dividend of \$1.86 per share, which gives its stock a generous 3% yield at current levels, and I think this makes it qualify as both a value and dividend play today.

With all of this information in mind, I think Enbridge represents one of the best long-term investment opportunities in the market today. Foolish investors should take a closer look at the stock and strongly consider establishing long-term positions in the trading sessions ahead.

### **CATEGORY**

1. Energy Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### **Category**

1. Energy Stocks
2. Investing

**Date**

2025/09/23

**Date Created**

2015/02/24

**Author**

jsolitro

default watermark

default watermark