



## Enbridge Inc. Is a Gift Waiting to Be Unwrapped

### Description

No matter how amazing a company is, it will always experience a little bit of lagging in price. It has happened to all the great stocks, and if you're an investor with a careful eye, you can often find stocks that have been getting hammered by investors that are otherwise really amazing companies.

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is one of these stocks. Since April the stock has dropped close to 13% from over \$66 down to where it is today. Because of this drop, I wholeheartedly believe that this is a gift waiting for you to unwrap it. In my belief, this company will continue to grow over the coming years, so getting it after it's dropped 13% is a smart move.

What Enbridge does is act as the pipeline that gets oil from the drilling operations to the refineries. It is an integral step that oil suppliers have to accept as a reality. Whether the price of oil is \$50/barrel or \$500/barrel, oil companies are going to need to find ways to get their oil from point A to point B. And Enbridge excels at it with its large network of pipelines.

Because the company is able to charge money for every barrel of oil that flows through its pipeline, there is money to be made in all periods of the oil market. And price is actually irrelevant for the company. What it cares about is quantities. Because of the demand for oil, the amount of oil that Enbridge pumps is going to continue to be significant.

In fiscal year 2016, analysts expect earnings per share to grow to \$2.62 a share. This is lucrative growth that investors will be able to reap the benefits from if they hold this stock. And based on how expensive the stock trades today, if that EPS is realized, I anticipate the stock being worth significantly more than what it is valued at today.

But it is not just the capital gains that make this a gift worth unwrapping. Every year since 1996, the stock has increased its dividend. That's like getting a pay raise every single year for 19 years. Even better, it has never missed a dividend since 1953. If you ask me, knowing that I'll always be paid and getting a raise regularly makes the stock very worthy of consideration.

While Enbridge is an expensive stock from a P/E perspective, I am a big believer in the stock's future. Investors that do decide to buy it will gain a yield over 3%, which is a very strong reward. To top it off,

you'll experience growth over the coming years because the reality is that demand for oil will not drop. As more oil is needed, suppliers will need to find a way to transport it. And Enbridge will be one of the most-used companies to do that.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

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

## Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

## Date

2025/09/22

## Date Created

2015/06/29

## Author

jaycodon

default watermark

default watermark