



## Enbridge Inc.'s Adjusted Net Income Jumped 54% in Q2: Should You Buy Now?

### Description

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)), the largest owner and operator of pipelines in North America, announced second-quarter earnings results before the market opened on July 31, and its stock responded by rising over 1% in the trading session that followed. Let's take a closer look at the results to determine if we should consider establishing long-term positions today, or if we should wait for a better entry point in the trading sessions ahead.

#### A quarter of mixed growth

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

Metric	Q2 2015	Q2 2014
Adjusted Earnings Per Share	\$0.60	\$0.40
Revenue	\$8.63 billion	\$10.03 billion

Source: *Enbridge Inc.*

Enbridge's adjusted earnings per share increased 50% and its revenue decreased 13.9% compared with the second quarter of fiscal 2014. The company's very strong earnings-per-share growth can be attributed to its adjusted net income increasing 54% to \$505 million, driven by growth in all four of its major segments, including 9.1% growth to \$240 million in its liquids pipelines segment and 44.8% growth to \$139 million in its sponsored investments segment.

Its double-digit percentage drop in revenue can be attributed to the decline in commodity prices over the last year, which led to its commodity sales decreasing 20.2% to \$5.98 billion and its gas distribution sales decreasing 11.7% to \$528 million.

Here's a quick breakdown of 10 other notable statistics from the report compared with the year-ago period:

1. Average deliveries increased 5.3% to 2.07 million barrels per day in its Canadian mainline segment
2. Average deliveries increased 15.8% to 799,000 barrels per day in its regional oil sands system segment
3. Average deliveries decreased 21.9% to 153,000 barrels per day in its Spearhead pipeline segment
4. Gas distribution volumes decreased 10.5% to 68 billion cubic feet
5. Number of active customers increased 1.4% to 2,099 in its gas distribution segment
6. Average throughput volume increased 2.9% to 1.37 billion cubic feet per day in its Vector pipeline segment
7. Average throughput volume decreased 11.9% to 1.4 billion cubic feet per day in its Enbridge offshore pipelines segment
8. Cash provided by operating activities increased 66.3% to \$1.35 billion
9. Available cash flow from operations increased 56.6% to \$808 million
10. Paid out a quarterly dividend of \$0.465 per share for a total cost of \$399 million, compared with a quarterly dividend of \$0.35 per share for a total cost of \$293 million in the year-ago period

### **Does Enbridge belong in your portfolio?**

It was a great quarter overall for Enbridge, so I think its stock responded correctly by moving higher. I also think this could be the start of a sustained rally higher because its stock still trades at inexpensive forward valuations, and because it has a high dividend yield, which will continue to attract investors.

First, Enbridge's stock trades at just 25.9 times its median earnings per share outlook of \$2.20 for fiscal 2015 and only 22.4 times analysts' estimated earnings per share of \$2.55 for fiscal 2016, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 39.3.

Second, Enbridge pays a quarterly dividend of \$0.465 per share, or \$1.86 per share annually, which gives its stock a 3.3% yield at today's levels. The company has also increased its annual dividend payment for 19 consecutive years, with an average growth rate of 14% over the last decade, and it expects to increase it by another 14-16% annually through 2018.

With all of the information provided above in mind, I think Enbridge represents one of the best long-term investment opportunities in the market today. All Foolish investors should take a closer look and strongly consider making it a core holding.

### **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**

2015/08/04

**Author**

jsolitro

default watermark

default watermark