



3 Reasons to Add Enbridge Inc. to Your Portfolio

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is one of the largest energy transportation and distribution companies in North America. The company is primarily focused on the generation, transportation, and distribution of energy.

Here are a few reasons why you should consider adding Enbridge to your portfolio.

1. Enbridge consistently delivers results

In the most recent quarter Enbridge reported adjusted earnings of \$505 million, or \$0.60 per share. This is an increase over the same quarter last year, where adjusted earnings were \$328 million, or \$0.40 per share.

Revenue for the quarter was \$8.63 billion, down from \$10.03 in the same quarter last year. This drop can be attributed to fluctuations in the price of commodities. Cash flow for the quarter was also up by over 50% to \$808 million.

The company continues to forecast a full-year adjusted guidance range of \$2.05-2.35 per share.

2. Enbridge has dividends few can match

When it comes to dividends, there aren't many companies that can match not only the return, but the consistency that Enbridge does. Enbridge has paid out dividends to shareholders consistently for more than 60 years, and has developed a habit of increasing that dividend each year since 1996.

Currently, the dividend comes out to \$1.86 per share, and Enbridge has set a target for payouts to be in the 75-85% range of earnings.

The company is planning to continue increasing dividends over the next three years by 14-16% annually.

3. Enbridge has future expansion plans

Enbridge is slated to spend \$38 billion over the next three years on a variety of new projects. Chief Executive Al Monaco reiterated this recently during an investors' presentation in Toronto earlier this month: "We have so many opportunities, but many come with a higher degree of risk."

The focus of the expansion is geared towards low-cost incremental projects that will twin existing pipeline capacities as crude prices fluctuate. The largest of these projects is known as the "Line 3 replacement project", which carries a price tag of \$7.5 billion alone.

Another long-standing project is the Line 9 project, which will transport crude from western Canada to refineries in Quebec. Once completed, the project will bring 300,000 barrels a day of oil from western Canada and the U.S. to Quebec refineries. While the Line 9 project has been delayed a number of times in the past because of new safety conditions, the project has now passed the last of the pre-operation tests with the NEB.

In my opinion, Enbridge is a great option for any portfolio. The company has sound financials and an aggressive plan for growth that will bring significant new revenues, and it pays out one of the best dividends in the market.

There are fewer long-term options that are as good as Enbridge, and with the stock down nearly 8% for the year, investors can pick up some shares at a discount.

CATEGORY

1. Energy Stocks
2. Investing

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Date

2025/09/22

Date Created

2015/10/28

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