



Enbridge Inc.: Still a Strong Dividend Stock Despite Turmoil

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) has faced plenty of resistance for one of its projects lately, and this has raised questions about the company's oil-output potential for the coming year.

The Calgary-based oil and gas producer could be facing a legal battle in Wisconsin regarding a crude oil pipeline that is facing resistance from a local Native American tribe. Enbridge may ultimately lose access to the pipeline, which would shut down an asset that has been in operation for more than 63 years. The project is also facing resistance in other areas of the U.S. Midwest, such as Michigan's Upper Peninsula.

The Penoque Hills Education Project is launching an initiative to raise awareness over the pipeline's potential damage to the environment. The Line 5 pipeline delivers more than 540,000 barrels per day of synthetic oil, crude oil, and natural gas liquids that are refined into propane. Enbridge is hopeful that it will emerge victorious in this case due to the fact that this asset powers local homes, businesses, and vehicles.

Complicating matters further, the company expressed its disappointment as criminal charges were dropped against three protesters looking to shut down its Line 9 pipeline a little over a year ago in Sarnia, Ontario. These protesters tampered with the tools that make up the pipeline, and the decision to drop charges could give protesters in the Line 5 pipeline license to do the same.

However, Enbridge is moving the necessary pieces to increase its profitability and reduce its \$42 billion debt. The company recently sold its south prairie region assets to **Tundra Energy Marketing Limited** for \$1.08 billion in an all-cash deal that was completed last month. Enbridge's executive vice president and its chief financial officer praised the move, noting that these assets were sold at a great price.

The move will help bolster the company's growth program, which is about one-half of the target that Enbridge had forecasted back in September. Back then, it also announced plans to acquire **Spectra Energy Corp.** ([NYSE:SE](#)) to strengthen the company's balance sheet through its non-core assets, increasing financial flexibility.

More importantly, Enbridge recently increased its dividend by 10%, hiking it to 58.3 cents per share.

Shareholders on record as of Feb. 15 will receive the payment on March 1. The company expects to raise its dividend by about 15% once the Spectra deal closes. The company predicts this incredible dividend-growth rate will be even stronger year in and year out through 2024.

Enbridge also has a strong market capitalization of \$53.13 billion with a price-to-equity ratio of 27.97. Several analysts, such as Zacks Investment Research, which rated it a "Sell," recently changed their rating to "Buy," making the latter rating Enbridge's consensus rating. In fact, 12 of 15 analysts covering the stock rate it a "Buy," while the other three rate it a "Hold."

It's a complicated time for Enbridge at the moment, but it's still a great time to hold on to your ENB stake and invest further as the company's Spectra acquisition and dividend hike will benefit all parties involved over the coming years.

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