

Enbridge Inc.: A Top Dividend Stock That Could Take Off

Description

Once in a while, value investors can pick up an [oversold stock](#) with big upside potential and pocket some top-quality dividends to boot.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see why it might be an interesting pick today.

Rebound

Enbridge is finally moving higher after an extended pullback that took the stock from \$58 earlier this year to a recent low near \$44 per share. Investors who'd jumped in at that point secured a juicy yield and are already looking at a 10% capital gain.

If you missed the recent bounce, don't worry; there should be more gains to come.

Why?

Enbridge just released plans to sell \$3 billion in non-core assets in 2018 and has identified another \$7 billion it intends to unload in the coming years.

The announcement comes as the company wraps up the integration of Spectra Energy, which it bought for \$37 billion in early 2017.

Spectra added strategic gas assets to complement Enbridge's portfolio of liquids pipelines, and it appears that the company plans to narrow its asset mix to focus on these business lines.

Disposals will include unregulated gas midstream operations and onshore renewables assets the company now deems as non-essential for the long-term plan.

The stock had come under extended pressure after the Q3 2017 earnings results, when Enbridge missed analyst estimates by a few cents and didn't provide its normal rosy dividend-growth guidance.

Management cleared up the confusion with the latest press release, increasing the March 1, 2018, dividend by 10% to \$0.671 per share and saying dividend growth should be 10% per year through 2020, as \$22 billion in projects are completed and begin to generate revenue.

At the time of writing, the stock trades at \$48.50 per share. The new distribution provides a yield of 5.5%.

Should you buy?

With the planned assets sales and the confirmed divided-growth guidance, investors could see the stock continue to drift higher in the coming months.

Enbridge has raised its dividend for 23 straight years, and the stock has made some long-term investors quite rich. The narrowed focus on regulated assets, which essentially act as tollbooths, should attract new investors.

The above-average yield should continue, supported by strong [dividend growth](#). You might have missed the bottom, but the stock still looks attractive at the current price.

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