



Enbridge Inc. (TSX:ENB): Is it Time to Buy This Canadian Dividend Stock?

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is up more than 15% in the past month and has jumped nearly 25% after hitting a five-year low in April.

Let's take a look at the current situation to see if more [upside](#) might be on the way.

Asset sales

Enbridge is working through a major transition designed to focus on regulated oil and gas pipeline and utility businesses. As a result, management has identified \$10 billion in non-core assets it plans to monetize to reduce debt levels and fund ongoing development opportunities.

Originally, the company said it planned to raise about \$3 billion through divestitures in 2018. As of the time of writing, the company has already signed deals for close to \$7.5 billion, so demand is apparently strong for the company's assets.

In May, Enbridge announced a \$1.75 billion deal with the Canada Pension Plan Investment Board (CPIB) to sell its Canadian renewable power assets and the company's interest in two German offshore wind projects. At the same time, Enbridge also announced a US\$1.12 billion agreement to sell natural gas gathering and processing assets in the United States to ArcLight Capital Partners.

On July 4, Enbridge said it is selling its Canadian natural gas gathering and processing businesses to **Brookfield Infrastructure** for \$4.31 billion.

Growth

Enbridge is restructuring after its \$37 billion acquisition of Spectra Energy last year. The purchase added strategic gas assets and provided an important portfolio of development projects, but the market didn't like the impact on the balance sheet amid an era of rising interest rates and concerns that larger pipeline projects wouldn't get built.

As a result, the stock slipped from \$58 in late 2016 to \$38 per share in April 2018.

The assets sales have helped restore investor confidence, and Enbridge recently received the green light from the Minnesota Public Utilities Commission to move ahead with the Line 3 Replacement Project. Enbridge hopes to complete the pipeline by the end of 2019.

The company is working through a total of \$22 billion in near-term secured projects, of which \$7 billion will go online in 2018.

Dividends

Enbridge previously said it intends to raise the dividend by 10-12% per year through 2020. The recent assets sales and Line 3 approval make it more likely the company will deliver on the guidance. Enbridge increased the distribution by 10% for 2018 and has hiked the payout for 23 straight years, with a compound annual dividend-growth rate of 11%.

Should you buy?

The recent developments on the assets sales and the Line 3 approval should remove some of the clouds that are hanging over the stock.

Investors who got in below \$40 are already happy campers, but more upside should be on the way. At the current price, you can lock in a solid 5.6% [yield](#) and anticipate steady dividend growth in the coming years.

If you have some cash sitting on the sidelines, I think Enbridge looks attractive today.

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