



A Recent Asset Sale Makes This Energy Behemoth Even Better

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is an [incredible long-term investment](#) option with great growth prospects, but recently that opportunity has been minimized because of the massive amount of debt the company has taken on, which, as of earlier this year, was just over \$61 billion.

Much of that debt stems from the acquisition of Spectra Energy Corp., which was acquired in a massive \$37 billion deal that was completed last year.

Enbridge just sold its gas unit

Managing that level of debt has taken its toll on Enbridge, with the company even getting a credit rating reduction earlier this year. To combat that debt, Enbridge has turned in recent months to shedding non-core assets to raise funds to pay down its debt.

Enbridge had initially set a target of \$3 billion in asset sales to meet for this year. That target was met through the sale of its 49% stake in renewable energy assets for \$1.75 billion in May of this year to the Canada Pension Plan Investment Board as well as the sale of Enbridge's Midcoast Operating LP unit for \$1.44 billion.

The largest asset sale announcement came this week, however, in the form of a \$4.31 billion sale of Enbridge's Canadian natural gas gathering and processing business. That business includes 19 processing plants located in both Alberta and British Columbia, as well as over 3,500 km of pipeline.

In addition to asset sales, Enbridge is restructuring to buy out its four subsidiary companies to simplify operations under one name. The previous subsidiary model benefited from tax breaks through the U.S. Federal Energy Regulatory Commission, but those came to an end this year.

Enbridge has an amazing business

Despite Enbridge's ongoing debt woes, the company is the largest energy infrastructure company on the continent with a pipeline network that is over 25,000 km long. The pipeline is used by the gas and oil industry, transporting one-third of all oil produced in North America and two-thirds of U.S.-bound

Canadian oil exports.

For every barrel of oil that passes through Enbridge's network, the company collects a fee, making the business similar to a toll road. Given the constant need for shipping oil, Enbridge collects a steady stream of income that has proven to be lucrative over the years.

Impressively, Enbridge also has a long list of additional pipeline projects that are valued at \$20 billion. As each of those projects is built and comes online, the potential for more toll traffic only increases.

One of those potentially lucrative projects is the often-mentioned Line 3 pipeline — a \$9 billion pipeline with a route that spans from Alberta to Wisconsin which received approval this week in Minnesota.

Looking past Enbridge's potential growth prospects, the company also appeals to [income-seeking investors](#) thanks to its quarterly dividend, which pays out a very handsome 5.71% yield. If that isn't reason enough to consider Enbridge as an income producer, then perhaps the fact that Enbridge has paid out dividends for over half a century and maintained increases to the dividend for over two decades will convince you.

Enbridge currently trades at just over \$46 with a P/E of 32.79.

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dafxentiou

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