# After the Run Up, Is Enbridge Inc. (TSX:ENB) a Buy at Today's Price?

## Description

The oil sector has undergone a wild couple of years. Pipelines, oil producers, drillers, and even the commodity itself have seen some wild swings. But after all the tumultuous price action, it finally looks like the sector is beginning to recover. One stock that has seen its share of volatility is **Enbridge Inc.** (TSX:ENB)(NYSE:ENB). For a stock that has been traditionally seen as a relatively stable way to play the sector, Enbridge has given investors a wild ride.



There certainly was no lack of fear and uncertainty around Enbridge as recently as a couple of months ago. At that time, fears over the company's debt levels abounded. Confidence in the company's ability to maintain, let alone raise, its dividend had fallen sharply. The quarterly yield had risen to around 7%, which can sometimes signal that the market believes a dividend cut was coming. Never mind that the entire time management was doing its best to reaffirm the dividend's stability and growth.

The stock has recently recovered from its significant drop and has risen once again to more reasonable levels. One could argue that the opportunity to purchase this stock was missed. After all, the best time to find deals on a stock is when fear and uncertainty surround the company. But after the stock's recent rally, is Enbridge still a buy today?

It seems the answer to that question is yes. The Spectra Energy acquisition, while it did provide growth and strong cash flows to the company, also saddled Enbridge with an enormous amount of debt. It was this increased debt level that added to investors' concerns. And while I am comfortable with Enbridge's strategy and solid cash flow generation, I have to admit that the amount of debt was indeed worrisome.

But Enbridge's balance sheet is strengthening once again, thanks to some well-timed asset sales. The sale of its 49% stake in certain wind and solar energy assets in North America and Germany for $1.75 billion provided a much-needed cushion. Even more recently, it agreed to sell some of its Canadian natural gas gathering and processing business to **Brookfield Infrastructure Partners L.P.** for $4.31 billion.

The approval of its $9 billion project to upgrade its deteriorating Line 3 pipeline by regulators in Minnesota also helped rebuild investor confidence in the company. It is even reabsorbing **Enbridge Income Fund Holdings Inc.**

, adding those stable cash flows back into the company. It seems that the investment picture is becoming brighter for Enbridge.

And let’s not forget the fantastic operational highlights of the company. In Q1 2018, total operating revenues were up 14% for the year. Earnings were down 51% for the year, although the decrease was noted to be largely due to one-time, non-operational items. Net cash provided by operating activities was up over 79%. The dividend was also increased by 10%, marking the 23rd consecutive year of dividend raises.

At this level, even after the rise in the share price, Enbridge is still a buy. Dividend investors have done very well with this company in the past and will likely continue to do so in the future. Even at the higher share price, the stock is yielding almost 6%. The company is stronger than it was a few months ago and is still worth adding to your portfolio today.

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