



## TFSA Investors: Is it Time to Buy Enbridge Inc. (TSX:ENB) Stock for Your Dividend Portfolio?

### Description

Canadians are searching for quality stocks to add to their dividend-focused [TFSA portfolios](#).

The TFSA is a useful tool for income investors as well as those who need to stash some cash away for retirement.

Let's take a look at **Enbridge** ([TSX:ENB](#)) ([NYSE:ENB](#)) to see if it deserves to be a part of your holdings today.

### Earnings

Enbridge reported solid Q2 2018 results. Adjusted earnings came in at \$1.094 billion, or \$0.65 per share, compared to \$662 million, or \$0.41 per share, in the same period last year. Distributable cash flow increased to \$1.858 billion from \$1.324 billion.

The company saw strong performances across the various businesses. Of note, average throughput on the Liquids Mainline System hit a new record.

### Growth

Enbridge is on track to place \$7 billion in projects into service this year, including the Valley Crossing and Nexus gas developments that are targeted for completion in the second half of 2018. As of June 30, the company had already completed \$1.6 billion in projects. These are part of a \$22 billion near-term development portfolio that should be wrapped up through the end of 2020.

Enbridge recently received the go-ahead from the Minnesota Public Utilities Commission for the Line 3 Replacement Project. Additional local permits are still required, but Enbridge hopes to have all the final paperwork in order to begin construction in the first quarter of 2019, with commercial operation targeted for the second half of next year. Construction of the Canadian leg is ongoing, and the Wisconsin section is already finished.

## Restructuring plan

Enbridge is making good progress on its efforts to shore up the balance sheet and is planning to simplify the corporate structure by acquiring the shares of a number of its sponsored vehicles.

The company has already announced or closed agreements to sell \$7.5 billion in non-core assets. Enbridge had initially anticipated \$3 billion in dispositions this year as part of a \$10 billion monetization plan. Funds are being used to reduce debt and fund ongoing developments.

## Dividends

Enbridge has a strong track record of increasing the dividend, and that trend should continue as new assets are completed and begin generating cash flow. The company increased the payout by 10% for 2018. At the time of writing, the distribution provides a yield of 5.7%.

## Should you buy?

Enbridge is addressing the concerns that took the stock from above \$65 in 2015 to below \$40 earlier this year. Investors who stepped in at the bottom are already sitting on nice gains, as the share price has rebounded to \$47, but additional upside should be on the way.

If you are looking for reliable, above-average yield and solid growth potential, Enbridge should be an attractive addition to a TFSA portfolio today.

## CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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