Here Are Your 3 Key Takeaways From Enbridge's (TSX:ENB) Latest Earnings Report

Description

Canada's largest energy infrastructure company, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) reported its second quarter earnings last week on August 3.

In addition to some very strong financial performance, there are several key indications that the company is beginning to regain its footing and the trust of the investment community following a rough stretch that has persisted for more than three years now.

Record average volumes in Q2 following from the 2017 acquisition of Spectra Energy

Enbridge delivered strong financial performance in the second quarter on the back of record average volumes in its Liquid Mainline System.

Those volumes helped drive GAAP (generally accepted accounting principles) earnings per share 12.5% higher in the second quarter, from $0.56 per share a year ago to $0.63 in 2018.

Adjusted earnings per share (which adjust for non-recurring items) were up even more – 58% in the second quarter of 2018 along with cash flow from operations, which increased from $1,971 million a year ago to $3,344 million in 2018 for an increase of 69.6%.

In reporting the results, President and Chief Executive Officer of Enbridge Al Monaco said, "The results reflect strong operational performance across all of our core businesses… clearly proving out the value of the Spectra Energy acquisition completed last year."

Monaco and Enbridge went on to state that the company was reaffirming its full-year guidance for 2018, and expects its discounted cash flow to come in at the top end of its previously stated range of $4.15 to $4.45 per share.

$7 billion of new projects coming online in 2018

Supporting future growth beyond the current year, Enbridge also has $7 billion of new infrastructure projects coming online later in 2018.

Among these are the company's US$1.3 billion NEXUS natural gas pipeline that will transport gas to Canadian and upper Midwest U.S. markets and the US$1.6 billion Valley Crossing project planned to supply 2.6 Bcf of natural gas to Mexico.

And this goes without mentioning continued progression on Enbridge's Line 3 replacement project, which should nearly double the Line 3 pipeline's current functional capacity.

Asset sales are delivering ahead of schedule

When it reported second quarter earnings, Enbridge also announced that it was well ahead of its scheduled plan to divest certain of its non-core assets.

Enbridge has now completed over $7.5 billion of asset sales, which is well above its previously announced plans to sell $3 billion worth of non-core assets, using the proceeds of those sales to fund its $22 billion secured capital growth program and retire financial obligations in order restore balance sheet flexibility.

Time to make your move?

Enbridge stock has already gained more than 25% coming off its late April lows, including a decisive move above the stock's 200-day moving average, a key technical indicator.

Despite the recent run-up, however, shares are still yielding investors an attractive 5.74% yield, with Enbridge management stating that it plans significant increases to that dividend into 2020.

Foolish investors may want to give this dividend aristocrat a closer look in light of recent developments.

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