3 Reasons to Buy Enbridge Inc. (TSX:ENB) Today

Description

Enbridge (TSX:ENB)(NYSE:ENB), Canada's energy transportation and distribution giant with oil and gas assets and operations in North America and renewable assets in North America and Europe, provides investors with stability, predictability, and dividend income.

Aren't you looking for more stability and predictability in your retirement plan? I know I am.

Enbridge is an energy stock that has an exciting year ahead of it, with much lost ground in its stock price to be made up, as the company has shored up its balance sheet, reduced leverage, and moved toward a self-funded model, and it is now focused on increasing its pipeline capacity and growth.

Here are the three reasons why Enbridge will prove to be a great buy for investors.

Line 3 replacement program

With a $5.3 billion Canadian component and a US$2.9 billion American component, this replacement program is comprised of the newest and most advanced pipeline technology, which will provide much-needed incremental capacity to the Canadian oil and gas industry.

Investors can expect this pipeline to be put into service by the end of 2019.

And while this is Enbridge's biggest project, it is by no means the only one. With a total of $13 billion worth of projects coming on stream in 2019 and $3 billion of projects coming on stream in 2020, Enbridge is well set up for a stock price recovery.

Improved balance sheet

With almost $8 billion in asset sales completed and a disciplined process of new project approvals, Enbridge's goal to keep debt to EBITDA at no more than 4.5 times (comfortably below the five times target) seems highly achievable.

Enbridge will focus on being self-funded, meaning it will fund its projects primarily through the use of internally generated cash flow, thereby reducing the financial risk and eliminating the need to issue shares going forward.

Undervalued shares

Enbridge stock has been hit by uncertainty related to pipeline approvals and general malaise in the energy industry.

The stock is down 17% since January 2017, despite strong EBITDA growth and increasing dividends paid. In 2018, EBITDA growth was more than 20% and since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, a 15% increase in 2017, and a 10% increase in 2018.

And with Enbridge stock trading at just under $48 at the time of writing, this equates to an attractive multiple on an EBITDA basis as well as a cash flow basis.

With a dividend yield of 6.15%, and a stable and reliable history, Enbridge is a top dividend stock for investors who are looking for stability, reliability, capital preservation, and income.

And management expects the dividend to increase 10% next year and 5-7% thereafter.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Date
2025/09/20
Date Created
2019/02/20
Author
karenjennifer