



Buy Now: Enbridge (TSX:ENB) Just Got a Major Boost

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is well-known to many investors for its massive pipeline network that is among the biggest in the world, a feat that continues to provide the company with an impressive amount of recurring revenue. Adding to that appeal is the backlog of shovel-ready and existing under construction new projects that are measured in the billions, all of which will help boost an already impressive company even further higher.

Finally, that impressive business model is a key point in Enbridge providing investors with what is perhaps one of its most attractive attributes: a handsome quarterly dividend that is among the [best-paying dividend stocks](#) on the market.

Just imagine how attractive Enbridge would be to investors if the company had finally gotten approval on one of its most lucrative pipeline projects that valued in the billions?

Line 3 replacement is finally a go

The Line 3 replacement program is a massive pipeline project that consists of two components – a \$5.3 billion portion in Canada, and a US\$2.9 billion section that will replace and expand the capacity of the existing 1,097-mile pipeline that runs from Edmonton to Superior, Wisconsin. The U.S. portion traverses small parts of Wisconsin and North Dakota, but by far the largest part of the U.S. section is the 337-mile section through Minnesota, which was originally approved last year, but a series of petitions resulted in the state to reconsider that approval.

Yesterday that original approval was finally upheld by Minnesota, bringing an end to further considerations, representing a major victory for both Enbridge and the entire Canadian energy sector.

Now that construction can begin on the Minnesota section, the completed pipeline, with a capacity of 370,000 barrels per day is not expected to be operational until the latter half of next year, when it will help alleviate the bottleneck plaguing much of Canada's energy sector.

Why else should investors consider Enbridge?

The Line 3 replacement approval promises to be a lucrative opportunity for investors, but it isn't the only reason to consider investing in Enbridge. For that, let's look at a few more compelling reasons that were touched on earlier.

First, there's the pipeline business model itself. Enbridge earns the bulk of its revenue by transporting oil through its vast network that connects the oil-rich regions of the country to refineries and storage facilities across North America, producing a recurring source of revenue that's not unlike a toll road. Even better is the fact that Enbridge's toll system is unaffected by fluctuations in the price of oil, as it's based on volume.

That recurring revenue stream has helped Enbridge become one of the best-paying dividends on the market. The current yield, which amounts to an appetizing 6.01% yield that has seen annual upticks going back several years, mirroring a steady rise in year-over-year revenue.

Finally, let's take a moment to mention Spectra energy. Just over two years ago, Enbridge acquired Spectra in an expensive multi-billion dollar deal. While the acquisition itself is set to provide years of growth for Enbridge, the cost of the acquisition weighed heavily on the books, which led Enbridge to seek out cost-cutting measures and at one point even had its credit rating downgraded. This led to sell-off on the stock, which despite the incredible gains realized in the past few months, still remains at a 13% discount over what the stock traded at two years ago.

Enbridge is a great fit for nearly any portfolio and should be core to the plans of any [long-term, income-seeking investors](#) who are looking to diversify their portfolio.

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Date

2025/07/26

Date Created

2019/03/29

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