



If You Don't Buy Enbridge (TSX:ENB) Stock Today, You'll Kick Yourself Later

Description

Some investors might look at the long-term chart of Canada's top stocks and proclaim they've missed the boat. There's no way a stock can repeat its historical performance, they lament. The company is too big. There's too much competition. And the business world is filled with disruptors — companies that come out of nowhere to shake up a boring, old industry. These will all hinder future returns.

Meanwhile, something interesting happens. These stodgy, old companies continue to chug along, slowly making investors rich. Folks who ignore the noise are quietly getting nice returns, while the naysayers are still searching for a company that vows to revolutionize a whole industry.

Let's take a closer look at **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a company that doesn't look that sexy on the surface but easily has the potential to make you much wealthier 20 years from now.

Pipeline realities

Enbridge is North America's largest energy services company, boasting assets like more than 27,000 km of oil pipelines that transport more than three million barrels of liquids per day, enough natural gas pipelines to transport 18% of North America's gas production, and the largest natural gas utility in North America by volume.

As you've likely heard on the news, it's hard to get a pipeline built in 2019. Pipelines are the safest way to transport energy, but that doesn't make them foolproof. Some people see pipelines as a relic to a former era, symbolizing Canada's dependency on fossil fuels when we should be making massive investments in renewable energy.

Whatever the reason, the end result is the same. Most people do not want a pipeline built in their backyard and will fight tooth and nail to avoid it.

Rather than focusing on the negatives of this — like most folks in Alberta do — investors should embrace the positives. If it's unlikely major pipelines will get built, that makes existing pipelines all the more valuable. And Enbridge has one of the best with its Line 3, which will transport 750,000 barrels of

oil per day once Enbridge is finished expanding its capacity.

Still plenty of growth potential

Investors wary about Enbridge's size (it has a market cap of nearly \$100 billion) don't need to worry about growth. The company is spending billions to expand its footprint.

The Line 3 replacement project is, by far, the largest capital project being tackled today. It's projected to cost a little over \$8 billion and be completed by 2021 at the absolute latest. But that's just half of the \$16 billion the company plans to spend between now and the end of 2020. The company also sees some \$5 billion in annual expansion possibilities over the long term.

There's also potential to expand the natural gas utility business by making an acquisition. Remember, natural gas utilities are a fragmented business, with smaller operators scattered across North America. Enbridge could easily scoop one of these companies up.

An excellent payout

One of the more enticing parts about a potential Enbridge investment is the company's succulent dividend. The current yield is 6%, which beats most other income sources.

The payout is not only secure, but it's poised to grow smartly over time. The company projects 10% dividend increases annually through 2020, with 5-7% annual increases after that. That's a powerful combination of current yield with potential growth.

Enbridge has a demonstrated history of dividend growth. It has become one of Canada's top dividend-growth names, increasing its payout each year since 1996. You don't put up those results without having an impressive business.

The bottom line

Enbridge is poised to dominate the sector for decades to come, and its assets should become all the more valuable over time. It has plenty of growth potential, too. Combine that with a succulent dividend, and I can see Enbridge giving investors a 10% return annually for decades to come.

Do your future self a favour and load up on Enbridge shares today. Then sit back, relax, and wait for compounding to do its magic.

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