



Buy Enbridge Inc. (TSX:ENB) Stock Before it Soars Into the Stratosphere

Description

Pipeline stocks have become very bountiful income investments over the last few years. **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), the Canadian pipeline king, has been the subject of the most attention, not only because it's one of the larger energy transporters in North America, but because the name was a market darling prior to its early 2015 collapse.

Needed a high upfront yield, dividend growth, and capital gains? Enbridge was the stock to own for young and old investors alike, but of late, the stock has trodden water along with the broader Canadian energy sector.

Enbridge stock got pummelled around 40% from peak to trough, but if you stayed the course, you still got paid the big dividend and those generous 10% in [annual dividend increases](#), as promised by management. Although key catalysts like the Line 3 Replacement have been delayed by a year or so, Enbridge still looks like a very compelling turnaround bet for those with a long enough time horizon to reap the rewards.

The 2017 [Spectra Energy](#) acquisition weighed down Enbridge's balance sheet with a considerable amount of debt. Given the industry headwinds, the commitment to repay shareholders with a continually growing dividend, and the billions worth of growth projects that were on the horizon, Enbridge quickly found itself between a rock and a hard place. Many pundits slammed Enbridge for not earning its dividend, prompting many investors to wonder if the company should have reduced its dividend rather than continue increasing it at a rapid rate in spite of its hardships.

Enbridge's \$11.4 billion corporate restructuring saw no shortage of skeptics. But given the solid fourth-quarter results (\$3.3 billion in adjusted EBITDA, up 10% year over year) and the stability of Enbridge's pipeline cash flow streams, I'm not at all phased by Enbridge's "tight" balance sheet. I think management is juggling two significant initiatives (growing dividend, investing in growth) very well; over the next five years, I don't see Enbridge dropping the ball.

With new Alberta premier Jason Kenney and his pro-energy agenda, Enbridge may finally have the catalyst it needs to get the snowball rolling. While the windfall from the new UCP government may take

time to work its way into the stocks of energy companies, investors have the stable and growing dividend, which currently yields 5.9%, to look forward to in the meantime.

If you've got a time horizon of at least five years, Enbridge is one of the best horses to bet on at this juncture.

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