



## Enbridge's (TSX:ENB) Q1 Profits Quadruple: Why the Time to Buy Is Now!

### Description

**Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) released its quarterly earnings on Friday that showed investors yet again why the stock is one of the strongest on the TSX. Although the company didn't see much of an increase in sales, with its top line rising just 1% year over year, Enbridge saw a much stronger bottom line as it recorded a profit of over \$2 billion for the quarter, four times the \$510 million that it recorded a year ago.

### Why was there such a big improvement?

The main reason for the stronger profit this past quarter was that unlike a year ago, Enbridge didn't record an impairment loss, which last year added over \$1 billion in costs to the company's financials. Without those costs being incurred this year along with a \$432 million improvement (6%) in commodity costs, that helped reduce the company's operating expenses by \$1.5 billion. In total, operating income of \$2.6 billion was noticeably higher than the \$878 million that was generated in 2018.

Further down the statement, favourable foreign exchange gains of \$214 million were also a big swing from the \$185 million loss that Enbridge posted in the prior year. And had it not been for a much larger income tax expense this quarter (\$584 million versus a recovery of \$73 million), net income would have seen an even bigger improvement. Pre-tax earnings of \$2.6 billion were about six times last year's tally of \$437 million.

The great news for investors is that Enbridge saw a terrific improvement in Q1 despite having just a nominal increase in sales. With a lot less noise out of the financials thanks to no impairment losses being incurred, the company was able to generate a lot more net income.

### An even stronger 2020?

One of the key metrics the company tracks is distributable cash flow (DCF), which in the first quarter reached \$2.8 billion, up from \$2.3 billion a year ago. And while the guidance for the rest of 2019 remains unchanged, there's hope that 2020 could look a lot stronger, especially with Line 3 potentially

being complete by then.

In the earnings release, CEO Al Monaco stated that there was good progress being made on the project: " In Canada, we expect to have construction complete on this segment of the line by the end of May. And in Minnesota, we now have permitting timelines from the state's agencies that support issuance of the environmental permitting by November. We're working closely with these agencies and we expect to bring the full project into service within the second half of 2020, subject to timely permitting approvals."

However, given the challenges the company has faced thus far, investors might still be a little skeptical.

## Do these results make Enbridge a buy?

With another strong quarter in the books, the performance in Q1 helps demonstrate to investors that the stock is still a strong one and that these are the types of quarters that can be expected from the company. And if there's progress on the Line 3 replacement project and [other pipelines](#), it could lead to even strong results for Enbridge down the road.

While the stock may be struggling to stay above [\\$50](#) today, it could be a great time to consider buying it as the future certainly looks promising.

### 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

2025/08/18

### Date Created

2019/05/13

### Author

djagielski

default watermark

default watermark