



This 1 Energy Stock Is Becoming More Valuable Over Time

Description

The name **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) resonates in the U.S. and Canadian markets. This \$130.22 billion pipeline operator is [a top investment pick](#), in good and bad times. With every passing year, the company is becoming more valuable.

For this reason, investors looking for income, value, and [dividends all love this energy stock](#). At present, the stock is paying a 6.27% dividend. Analysts are anticipating that the stock will rally in the coming months. Enbridge could hit their high estimate of \$65 when the market returns to normal.

Long-term holding

Enbridge is more than seven decades old but expanding its energy infrastructure businesses is still the ongoing concern. The investment budget over the next couple of years is around \$11 billion, which indicates that confidence is high and retrenchment is remote.

The company will use the funds for commercially secured projects that include natural gas distribution and storage facilities, oil and gas pipelines, and renewable power generation.

Given the expansion plan and nature of the projects, management is confident of growing distributable cash flow per share. After 2020, that should be about 5% to 7% yearly. A dividend raise could also follow.

Filling North America's energy needs

The assets Enbridge owns and operates are essential to the energy needs of North America. The company transports 25% of North American crude and handles 20% of the natural gas consumed in the United States.

Enbridge is proud of its resilient energy infrastructure. The infrastructure consists of liquids pipelines, gas transmission, and gas distribution and storage.

Another key point is the company's resilient business model. 98% of cash flows are predictable and 93% of its customer base is investment-grade.

In the light of the growing demand for renewable energy sources, Enbridge is going green. The company is helping to combat climate change by beefing up its renewable energy infrastructure.

Adapting to the changing energy landscape

Enbridge is proactive in adapting to the changing energy landscape. As a midstream energy player, the company is approaching growth by optimizing and expanding existing assets. Moreover, management is prepared to diversify while at the same time focusing on export infrastructure.

In terms of capital allocation, Enbridge's goal is to enhance returns on its core business. The company takes on highly executable and geographically diverse projects. By the same token, the key objectives are to minimize at-risk development capital and achieve self-funding equity.

Enbridge is fully aware of the current industry challenges. Among them are the growing global demand for energy, climate change, delays in obtaining regulatory approvals or permits, and increasing competition.

The company has outlined its strategic priorities through 2022. Enbridge will emphasize the optimization of its base business. Above all, it will make sure that the execution of its secured capital program is flawless. In due time, the company will extend and expand existing pipelines.

No stone unturned

Enbridge has already identified post-2020 growth opportunities. The company is targeting about \$6 billion worth of projects in West Coast LNG exports, utility franchise expansion, and renewables (offshore wind development).

According to Al Monaco, president and CEO of Enbridge, all energy sources are needed to meet the growing demand for energy. The company will use its infrastructure assets to demonstrate its capabilities. Hence, the business should grow organically in the long run.

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