



1 TSX Stock To Count on No Matter What

Description

Earnings season is underway, and investors are watching closely to see the extent of impacts on each **TSX** stock. Earnings season is usually a time of heightened volatility, but this quarter is especially important given the ongoing events.

For most companies, this will be the first chance to see the extent of the impact on business. And for investors, it will be an excellent time to get new updates from management and compare it to other stocks and businesses on the TSX.

Some stocks won't see the worst of things until the second or maybe even third quarter. For now, though, management of every company is seeing the current impact and planning for a variety of outcomes in the future.

In general, the crisis has really impacted some companies, while others are seeing little or no impact.

Some stocks, like **Cargojet**, were just in the right industry at the right time. A financial crisis could have been caused by any number of events. However, the fact that it was a virus that has shut down many businesses and forced social distancing has been a major positive for stocks like Cargojet.

Other stocks haven't necessarily benefited from this, but because they are highly defensive, the impacts have been mitigated.

One stock that had exceptional [first-quarter earnings](#) is **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)).

A highly reliable TSX stock

Enbridge is a massive energy infrastructure business with assets all across North America. Most of its businesses serve the energy industry. So the fact that it's remained so robust through the oil price crash shows exactly what kind of quality you're getting out of the stock.

In the first quarter, Enbridge reported strong earnings, well above consensus and up from the same

quarter last year. Furthermore, management also reiterated its 2020 guidance for distributed cash flow (DCF) per share.

This guidance was issued before coronavirus — and so the fact that Enbridge is reiterating it just goes to show how defensive Enbridge's operations really are.

It's also worth noting that Enbridge's attractive dividend of \$3.24 yields more than 7%. And when you compare that to the low end of its guidance for DCF this year, the dividend has an estimated payout ratio of just 72%. It's therefore clear the major dividend should remain resilient.

Why Enbridge is one of the most resilient TSX stocks

The company is not entirely unaffected by coronavirus. However, its superior assets and operations limit the impact on its business.

The company is most affected by the current oil crisis through reduced demand in its mainline volumes. However, a lot needs to happen for a significant impact on business.

First of all, as oil producers cut their production, railways will likely see the majority of declining volumes before pipelines start to be impacted.

Second, Enbridge has some of the top destinations and highest netbacks of any pipeline competitor, giving it even more resiliency.

The impact on its business works out to roughly \$35 million for every 100 thousand barrels per day (kbpd) it loses on average in a quarter. A 400 kbpd reduction in demand for volume (the average in April) would result in just \$140 million in lost revenue per quarter.

Plus, management thinks it can find cost savings that will mostly offset the reduced volumes it faces.

Top value stock today

Enbridge is extremely undervalued today, not just as a TSX energy stock, but also as a resilient business offering a significant dividend.

It's a stock that hardly anyone can pass up, especially if you think there will be [another market crash](#).

A 7% yield is extremely attractive in this environment, and the dividend shouldn't be in any jeopardy. Furthermore, although coronavirus is far from behind us, it looks like the oil crisis may be past the worst point. Enbridge should therefore only continue to see stronger results after this next quarter.

In an age where investors should be focused on shoring up their portfolios with the best business that offer the most defense, Enbridge is one of the premier stocks on the TSX.

CATEGORY

1. Coronavirus
2. Dividend Stocks

3. Energy Stocks
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