



## Will Enbridge Raise Its Dividend This Year?

### Description

Over the last few weeks, there has been a tonne of action on the **TSX**. One stock that has slightly underperformed, though, which I continue to recommend for investors, is **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)).

At the moment, Enbridge and many other energy industry companies have been impacted by the pandemic. The nature of the pandemic, causing many people to change their travel patterns and stay home more often, has had a huge effect on oil demand. However, these impacts, especially for a stock like Enbridge, are short term. Plus, the stock is so cheap right now, it's the perfect buying opportunity for long term investors.

In addition, Enbridge is such a high-quality stock for dividend investors. The company is one of the biggest and best companies on the Canadian Dividend Aristocrats list.

As of Wednesday's close, Enbridge stock traded for just over \$38.00 and offered a dividend yield of 8.5%. This discount in the stock can't last much longer, so if you're looking for a stock to buy today, I would strongly consider the energy giant.

### Enbridge's operations

Enbridge is referred to by many as an energy giant because the company is quite simply that. It transports 25% of the crude oil in North America and 20% of the natural gas consumed in the U.S. So it's clear that the company is crucial to the North American economy.

In addition to its energy transportation business, the company also owns a massive gas utility company with nearly 4 million customers. Furthermore, Enbridge is investing for the future with roughly 1.8 gigawatts of renewable energy generating capacity, giving Enbridge the fifth most renewable energy capacity of any stock on the **TSX**.

The diversified mix of businesses is crucial in helping to reduce risk. And that's never been more on display than during the coronavirus pandemic when oil demand has seen a drastic shock. That's not

all, though. Much of its business is regulated and ensures nearly all of its cash flow is predictable and stable.

That's what makes the company such a high-quality dividend stock. It's also why throughout the pandemic, management has continuously reiterated its guidance for distributable cash flow. In its most recent [third-quarter earnings report](#), management once again reiterated that guidance.

## Enbridge: A top dividend stock

The fact that Enbridge's management expects the company to earn between \$4.50 and \$4.80 per share of distributable cash flow is extremely attractive. When you consider that Enbridge's current annual dividend is just \$3.24, the stock will have a maximum payout ratio this year of 72%, which shows just how stable the energy giant's dividend is.

Despite having a super safe dividend at the moment, Enbridge has seen its business significantly impacted this year. So investors may be wondering if they can expect the stock to increase its dividend this year.

As many Canadians know, Enbridge is one of the biggest and best dividend stocks in Canada. It's also a [Dividend Aristocrat](#). That means that it has a long track record of continuously increasing its dividend annually.

It's important to note that companies want to achieve dividend aristocrat status to show potential investors that they have consistent and resilient operations.

Plus, given Enbridge has done such an incredible job at cutting costs, and its third-quarter distributable cash flow was roughly in line with 2019, it looks as though management has a strong belief that its long-term potential is not being impacted.

Therefore, I would expect that even if it's extremely minor, Enbridge will once again increase its dividend again this year.

## Bottom line

Whether or not Enbridge chooses to raise its dividend this year, it's still one of the best dividend stocks investors can buy today. Having said that, I do believe the company will increase the dividend, at least slightly.

When it comes to investing, nothing's ever a guarantee. However, Enbridge's strong cash flow and Dividend Aristocrat status make it a highly likely possibility.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

#### **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

#### **Category**

1. Dividend Stocks
2. Investing

#### **Date**

2025/08/27

#### **Date Created**

2020/11/19

#### **Author**

danieldacosta

default watermark

default watermark