



Dividend Investors: 2021's Top Stock

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a Canadian leader in [delivering energy](#). As a transporter of energy, Enbridge operates the world's longest crude oil and liquids transportation system. The company also has significant involvement in the natural gas gathering, transmission and midstream businesses. Enbridge's activities are carried out in areas of liquids pipelines, gas distribution, gas pipelines and processing, green power and transmission and energy services.

As a distributor of energy, Enbridge provides [distribution services](#) in Ontario, Quebec, New Brunswick and New York. As a generator of energy, Enbridge has interests in approximately 3,500 megawatts (MW) of renewable and alternative energy generating capacity. Enbridge employs approximately 9,200 people and continues to expand the company's operations in wind, solar and geothermal power.

Emphasis on sustainability

Enbridge is a leader with respect to worker and public safety and environmental protection associated with the company's energy delivery infrastructure, as well as in customer service, community investment and employee satisfaction. Driven by a vision, the company delivers value for shareholders from a proven and unique value proposition, which combines visible growth, a reliable business model and a dependable and growing income stream.

Financial prudence

Enbridge maintains a high level of financial strength and flexibility which is fundamental to the company's growth strategy, particularly in light of the significant level of capital projects currently secured. The company also has access to timely funding from capital markets.

To mitigate risks, Enbridge manages financial plans and strategies to ensure it maintains sufficient liquidity to meet routine operating and future capital requirements. Enbridge also maintains sufficient liquidity through securing committed credit facilities with a diversified group of banks and financial institutions to enable it to fund all anticipated requirements for approximately one year without

accessing the capital markets.

Incredible business model

Enbridge's value proposition is built on the foundation of the company's reliable business model. The majority of the company's earnings and cash flow are generated from tolls and fees charged for the energy delivery services that it provides to customers. Business arrangements are structured to minimize exposure to commodity price movements. The company closely monitors any residual exposure and manages it through disciplined hedging programs.

Low commodity price risk

Enbridge designs commercial arrangements to provide a measure of protection against the risk of falling commodity prices which indirectly impact the use of the company's facilities. The company achieves protection against volume risk through regulated cost of service tolling arrangements, long-term contract structures and fee for service arrangements with specific features to mitigate exposure to falling throughput.

Smaller components of Enbridge's earnings are more exposed to the impacts of commodity price volatility. This includes energy services, where opportunities to benefit from location, time and quality differentials can be affected by commodity market conditions, and the company's natural gas extraction business and natural gas processing businesses. Generally, the impact of low commodity prices on Enbridge's overall financial performance is relatively small and any inherent risk is mitigated by hedging programs and commercial arrangements.

Overall, Enbridge is a great business trading at a reasonable price.

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