



Today's Top Buy: Enbridge

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) has been one of my top picks for quite some time now. I believe that the company's stable business model and strong fundamentals make it a great option for long term growth investors. Indeed, this is one of the [best ways](#) to play the energy sector.

Boosting long-term growth prospects for Enbridge

After regulatory review for almost six years and resistance from environmental groups, the company's Line 3 pipeline project has been approved. It is set to increase free cash flow from the first day of operations. Company CEO Al Monaco revealed that the project is expected to generate approximately \$200 million in Q4 once it is operational.

This is a huge boost for the company's future growth prospects as its capacity will significantly increase. Enbridge expects that this project would increase Western Canada's export capacity to the U.S. by 370,000 barrels per day. However, Enbridge must continue to improve its pricing power long term. Given where oil prices are today, and the lack of pipeline supply, I don't see this being a problem.

Additionally, the Line 3 pipeline expansion gives Enbridge an edge over its peers as new projects stagnate in their approval processes. Since it's unlikely new pipelines will enter the market in the near future, restricted supply is generally bullish for companies like Enbridge right now.

Calvados offshore wind project strengthens renewable energy portfolio

Yes, Enbridge's pipeline business is a great reason for investors to pick this stock. However, there's another reason to consider this option. Apart from generating stable income from its pipeline division, this company has a substantial renewable energy portfolio. And this segment has a tremendous long term growth potential.

Last month, Enbridge announced that construction work is set to begin on the Calvados wind farm in France. Reports suggest that this 448MW project will cost approximately \$2,4 billion. It is a representation of the company's willingness to acquire projects with clean energy features for growth in the long term. However, there are more reasons for growth investors to consider this stock.

The company has a 5%-7% earnings growth every year. As a result, it has been possible for the company to increase its dividend over the years. Its latest 3% hike has raised the dividend yield to 7.5%. Indeed, this is great for income investors.

Nevertheless, recently, Enbridge announced that the company is aiming to lower its dividend increase in the future. Despite lower income growth over time, the benefit this move will have on improving the company's balance sheet is a net positive for investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. energy
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

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. Energy Stocks
3. Investing

Tags

1. energy
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

Date

2025/07/20

Date Created

2021/03/20

Author

chrismacdonald

default watermark

default watermark