



## Enbridge Stock: The Best Dividend Stock Canada Has to Offer

### Description

Canadian investors want dividends. Dividend stocks offer passive income no matter what the market is doing. And of one of the best dividend stocks Canada has around today is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). I'll go into why Enbridge stock claims the top spot, and why it belongs in any portfolio.

### Enbridge stock: A rebound money maker

On the surface, you may wonder why I would recommend Enbridge stock as the best dividend stock Canada has right now. After all, there are others that have seen dividend increases each year for longer than Enbridge. It also has seen share volatility in the last few years. But these aren't the main factors you should worry about.

The volatility experienced in recent years by Enbridge stock comes down to the oil and gas glut. The company unfairly saw shares drop as oil demand slumped. I say *unfairly*, because Enbridge will see cash come in no matter what happens to oil prices.

Why? Enbridge stock is tied to long-term contracts that will see cash come in for decades — yes, *decades*. That comes with being a pipeline business. No matter what the oil price is, Enbridge will see pipeline usage. In fact, it's even been able to commit to future growth.

That growth comes in the form of \$10 billion in growth projects set to come online in the next few years. So, when all that is up and running, not only will you continue to see strong revenue growth from current contracts, but you'll also see superior growth from new projects.

### What makes it the best dividend stock Canada has?

What does this growth have to do with dividends? The cash coming in for Enbridge stock means it can not only support its dividend but also dividend growth. The company expects that even after the market volatility from the pandemic and oil and gas glut, dividend increases should be between 7% and 9% for the next few years.

This is supported by historical data. Enbridge stock has seen its dividend rise at a compound annual growth rate (CAGR) of 14.32% in the last decade! That's during a volatile time and *double* its future outlook right now.

Enbridge has a stable business model, a stable dividend, and share and dividend increases in the near future. But there's one more point that makes it the best dividend stock Canada has today. That's its valuations. Enbridge stock currently trades at 2.4 times sales and 1.8 times book value. That makes it a value stock everyone should jump on!

## Putting Enbridge into action

So, let's combine everything we've learned and look at a possible future outlook. We've already learned that the company has a dividend CAGR of 14.32% in the last decade. But add onto that how Enbridge stock has a share CAGR of 9.14% during that time as well.

Now, what could happen if investors see this same growth over the next decade? Let's take a look. If you were to put \$20,000 into Enbridge stock today, that would get you 425 shares. If you were to reinvest dividends and hold shares for a decade, then at the end, you could have a portfolio worth \$115,227.36!

## Foolish takeaway

It's true; Enbridge stock trades at 52-week highs. It's also true that the future is edging towards renewable energy. But it's also true that this won't be a major shift in the next decade. Enbridge stock is a steal at today's [valuations](#). Investors wanting passive income would receive \$1,419.50 in [passive income](#) by investing in Enbridge stock today. That alone makes it the best dividend stock Canada has to date.

### CATEGORY

1. Dividend Stocks
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### TICKERS GLOBAL

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

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