



Why I'm Buying Enbridge Today

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is the largest energy infrastructure company in North America. Its shares have climbed 13% in 2021 as of early afternoon trading on May 25. Enbridge and its peers in the energy sector have benefited from a resurgence in oil and gas prices as the global economy has reopened. However, the company is also facing a stiff regulatory battle in Michigan that threatens its operations and many Canadian jobs. Today, I want to [discuss](#) why I'm looking to add Enbridge.

How has the company fared in its latest regulatory battle?

The company's Line 5 is part of its Lakehead pipeline system. This also includes the Line 3 replacement project, which has also encountered resistance from Minnesota regulators. Line 5 carries up to 540,000 barrels of light crude oil and synthetic crude per day. Environmental critics have pointed to the four miles that rest underwater and could pose a threat in the event of a leak. Enbridge aims to quell these fears with the construction of an underground tunnel to house the underwater portions.

Shutting down Line 5 was one of Gretchen Whitmer's key campaign promises in 2018. She moved forward on this promise in 2020. However, the process is ongoing as her administration looks to avoid inevitable price gouging that would follow the shutdown of the crucial pipeline.

Enbridge has proven [resilient](#) in its previous regulatory battles. It remains confident that it will be able to resolve this issue going forward. Investors should be monitoring this development closely.

Did Enbridge impress in its latest earnings report?

Enbridge unveiled its first-quarter 2021 results on May 7. Adjusted EBITDA came in at \$3.7 billion — down from \$3.8 billion in the prior year. Meanwhile, adjusted earnings fell to \$1.6 billion, or \$0.81 per common share, compared to \$1.7 billion, or \$0.83 per common share, in Q1 2020. Distributable cash flow rose to \$2.76 billion over \$2.70 billion in the previous year.

The company's gas-distribution program delivered more progress in the first quarter. It is on track for

45,000 customer additions in 2021. Enbridge has also made strides in building its green energy portfolio. In Q1 2021, the company announced the development of a 20 MW green hydrogen production and blending project in Quebec.

Here's why I'm adding the top energy stock today

Shares of Enbridge have increased 5.4% from the prior year. It has still not recovered from its steep loss during the March 2020 market pullback. At the time, the top energy stock was on track to reach the \$60 mark for the first time since the mid-2010s.

Enbridge stock currently possesses a price-to-earnings ratio of 14. That puts the top energy stock in favourable value territory. Moreover, it offers a [quarterly dividend](#) of \$0.835 per share. This represents an attractive 7.1% yield. Enbridge has delivered dividend growth for a quarter-century. The top TSX stock boasts nice value and a strong dividend. Investors should look to snatch the stock up for the long haul in late May.

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