The Top Canadian Stock to Buy Right Now

Description

Enbridge (TSX:ENB)(NYSE:ENB) is a leading Canadian energy infrastructure company. It focuses on in-franchise growth in the company's gas utility as well as opportunities to lower carbon. The company's renewable power generation business, anchored by investments in contracted offshore wind power, complements Enbridge's low-risk business model and supports the company's increasing focus on energy transition. Enbridge looks set to continue to invest in renewable power generation, where it can achieve attractive risk-adjusted returns.

Safe, reliable operations

Safety and operational reliability appear to be the foundation of Enbridge's strategy. The company's commitment to safety and operational reliability involves achieving and maintaining industry leadership in safety and ensuring the reliability and integrity of the systems it operates in order to generate, transport, and deliver energy while protecting people and the environment.

Enhancing returns from core businesses

A key priority for Enbridge is to drive growth through an ongoing focus on optimization, productivity, and efficiency across all of the company's businesses. Examples include throughput enhancements on Enbridge's liquids system from the application of drag-reducing agents and improvements in scheduling logistics at the company's terminals, revenue optimization through negotiated toll settlements, ongoing synergy capture following Enbridge's utility merger and, more generally, creating sustainable cost savings across the organization through process improvement and system enhancements.

Successful project execution

Successful project execution appears integral to Enbridge's financial performance and to the strategic positioning of the company's business over the long term. Enbridge's ongoing objective is to deliver the company's slate of secured projects, currently about $16 billion, at the lowest practical cost while maintaining the highest standards for safety, quality, customer satisfaction, and environmental and regulatory compliance.

In seeking to extend growth, Enbridge expects to have sufficient self-funding capacity, after completion of the company's secured capital program, to invest $5 to $6 billion per year in new organic growth capital without issuing any additional common equity and maintaining key credit metrics within planning parametres and targets established with credit-rating agencies.

Further, the company remains disciplined and deploys capital towards the best uses, prioritizing balance sheet strength, investment in low capital intensity growth and regulated utility or utility-like projects. The company carefully deploys Enbridge's remaining investable capacity to the most value-enhancing opportunities, including further organic growth and potential for share buybacks.

Financial strength and flexibility

The maintenance of Enbridge's financial strength appears critical to the company's strategy. The company's financing strategies are designed to retain strong, investment-grade credit ratings to ensure that it has the financial capacity to meet capital-funding needs and the flexibility to manage capital market disruptions and respond to opportunities that arise.

Also, Enbridge's current secured capital program, which extends to 2023, can be readily financed through internally generated cash flow and available balance sheet capacity without issuance of additional common equity. The company seeks to secure new growth using this self-funded equity model.

Rational capital allocation

Enbridge assesses the latest fundamental trends, monitors the business landscape and proactively conducts business development activities with the goal of identifying an industry-leading opportunity set for capital deployment. This process should serve it well.

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