Enbridge Stock (TSX:ENB) Outlook: What Analysts Are Saying Today

Description

The oil and gas sector remains a strong investment for those seeking growth in the next several years. Despite the issues with the Organization of Petroleum Exporting Countries (OPEC+), the overall outlook looks good.

Vaccination rates continue to climb, not just in Canada but around the world. This is important to see Canadian oil and gas production continue to climb and then be exported to more and more countries.

Ahead of earnings season, however, it looks to be even more positive for pipeline companies. Whereas oil and gas producers have a long way to go to reach pre-pandemic levels, pipeline companies are mainly due for sustained growth ahead.

So here's why **Enbridge** (TSX:ENB)(NYSE:ENB) should be at the top of your Motley Fool buy list.

Pipelines pumping up

Pipeline companies continue to ramp up demand, and that's especially interesting ahead of second-quarter earnings. Analysts have been adjusting their estimates across the board for these companies, and that includes Enbridge stock.

Ahead of the company's second earnings, there are a few key growth projects that should move ahead and be online within the next few quarters. Once completed, the Line 3 replacement project alone should contribute about $460 million in annual EBITDA.

Another win was that a United States federal judge ruled Enbridge stock could keep the Dakota Access Pipeline (DAPL) running while an Environmental Impact Statement (EIS) is prepared. That's huge, considering Enbridge stock holds a 28% interest in the pipeline.

But it's not all positive news. The DAPL could indeed be shut down if it fails the EIS, and then there's the issue with the company's Line 5 project. While the pipeline has been ruled safe, and it's not believed it will be shut down, its replacement tunnel housing remains delayed costing money Enbridge stock could be earning.

Enbridge stock outlook

Enbridge stock should see some strong earnings, but perhaps not as strong as once predicted. While the company's forecast of $3.2 billion remains unchanged, its 2021 EBITDA has been lowered by some to just under $14 billion. This is due to these pipeline issues, rather than predicted demand.

With Enbridge stock reporting earnings this week, these are important points to consider before Motley Fool investors decide to invest. Enbridge stock has struggled to get to pre-pandemic levels, even when compared to 2020. Last earnings report, Enbridge stock reported an adjusted EBITDA of $3.7 billion, compared to $3.8 billion the year before.

But the company remains a strong stock for those seeking a long-term investment. When the pandemic is over, it looks like many will have picked up this stock for a steal. Today, Enbridge stock is up 26% in the last year. Yet it's still working toward all-time highs and is currently trading at about $49 per share.

With a P/E ratio of 15.68, that makes it a bargain compared to how earnings should continue to increase for decades to come. On top of that, you can pick it up with a dividend yield of 6.84% as of writing.

Foolish takeaway

Enbridge stock has always been a strong investment for Motley Fool investors. Over the last two decades, it's enjoyed a compound annual growth rate (CAGR) in the share price of 12.59%. Also, a dividend CAGR of 14.32% in the last decade. As pandemic becomes in the rearview, this company is likely to be a solid investment for decades to come.

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alegatewolfe