



1 of the Best Canadian Value Stocks to Buy in August 2021

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a large [Canadian pipeline company](#). The company owns valuable assets that provide it with a steady cash flows. Enbridge adopts a disciplined capital-allocation framework where opportunities are screened, analyzed, and assessed using a disciplined investment framework with the objective of ensuring effective deployment of capital to achieve attractive risk-adjusted returns while maintaining a low-risk utility-like business model.

Future potential to advance strategy

All projects are evaluated by Enbridge based on future potential to advance the company's strategy, contain risk and create additional financial flexibility. Enbridge's primary emphasis in the near term appears to be on low-capital-intensity projects, modernization of the company's systems, and utility rate-based investments.

Diverse potential capital-allocation choices

For Enbridge, execution risk remains high for large-scale, [long-duration development projects](#), and, therefore, the company focuses on projects where it can carefully manage at-risk capital during the permitting and construction phases. In evaluating typical investment opportunities, Enbridge also appears to consider other potential capital-allocation choices that may add value.

Sizeable capital project backlog

Other potential choices for capital deployment depend on Enbridge's current outlook and the size of the company's existing capital project backlog. The company considers dividend increases, further debt reduction, or share re-purchases while making capital-allocation decisions.

Diversified energy infrastructure options

As the global population grows, and standards of living continue to improve around the world, more energy should be needed. At the same time, society increasingly recognizes the impacts of energy consumption on the world's climate. Accordingly, energy systems are being reshaped, as industry participants, regulators, and consumers seek to balance competing objectives. As a diversified energy infrastructure company, Enbridge appears well positioned to play a key role in the transition to a low-carbon economy while at the same time working to reduce the company's own emissions intensity.

Highly resilient assets

The company believes that diversification and innovation will play a significant role in the transition to a low carbon future. To date, Enbridge has made large investments in natural gas infrastructure and continues to see significant opportunity in renewable energy, particularly offshore wind. Furthermore, Enbridge has tested the company's existing assets for various energy transition scenarios and concluded that the company's assets are highly resilient and can be relied upon for stable cash flow generation well into the future.

Embracing technology and innovation as competitive advantages

Also, Enbridge's success in executing the company's strategic priorities is very much enabled by its commitment to environmental, social, and governance (ESG) issues, the quality and capabilities of the company's employees, and the extent to which it embraces technology and encourages innovation as a competitive advantage.

Focused on sustainability

ESG sustainability is integral to Enbridge's ability to safely and reliably deliver the energy business's needs. How well Enbridge performs as a steward of the world's environment, a safe operator of essential energy infrastructure, a diverse and inclusive employer and a responsible corporate citizen is closely linked to the company's ability to achieve strategic priorities and create long-term value for all stakeholders.

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Date

2025/07/19

Date Created

2021/07/27

Author

nikhilwaterloo

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