3 Reasons to Buy Enbridge (TSX:ENB) Stock

Description

Enbridge (TSX:ENB)(NYSE:ENB) remains one of the top recommendations for Motley Fool investors on the **TSX** today. Shares of the company are up 31% year to date, yet Enbridge stock remains an undervalued stock for investors. So, let's look at three reasons why I would still consider it for any long-term portfolio.

Firstly, fundamentals

One of the quickest ways to discover whether a stock is valuable or not is by checking out its fundamentals. In the case of Enbridge stock, it ticks all the boxes. Despite all that share growth this year, the company remains a value stock. It currently boasts a price-to-earnings (P/E) ratio of 16.92, an EV/EBITDA of just 4.29, and a price-to-book (P/B) ratio of 1.89!

Then there are the company's earnings reports. Now, Motley Fool investors shouldn't necessarily get hung up on one earnings report. But if you combine them, you can see a pattern emerge. In the case of Enbridge stock, there is a pattern of growth. The company recently reported a strong quarter, seeing adjusted earnings increase by 2.7% year over year, reaffirming the 2021 full-year guidance of between $13.9 and $14.3 billion.

Next up, growth

Now that's all well and good for right now, but what about the future? In this case, Enbridge stock has a number of items planned in the immediate future. Management recently completed the final leg of the U.S. Line 3 Replacement project and expects it in service by the fourth quarter. It also expects its T-South Expansion and Spruce Ridge projects in service for the fourth quarter.

These projects are on top of the growth coming in from long-term contracts for Enbridge stock. These contracts can see the company through decades of cash flow, making it a stable long-term hold for investors.

But what about the far-off future? Renewable energy certainly doesn't need pipelines at this point. And Enbridge stock is already looking towards that future. After all, the company has a *lot* of land. Should pipelines go the way of the dodo bird, it can transfer that to new projects.

Meanwhile, Enbridge stock is constructing three offshore wind projects and developing a solar self-power program with three in operation and four under construction. These projects already help power the company's pipelines and terminals and could expand even further.

Dig into the dividend

The top reason Motley Fool investors see Enbridge stock as a recommendation on the TSX today? Its dividend yield. Enbridge stock has a dividend yield at 6.61% as of writing. That yield has grown at a compound annual growth rate of 14.32% over the last *decade*. That's even during an oil and gas crisis that left shares sinking.

Yet even during that time, the company continued to increase the dividend. And it managed to do that yet again this year, even while other companies in the energy sector slashed theirs. That shows how solid the long-term contracts are for Enbridge stock.

So, whether it's for a cheap share price, growth opportunities, the dividend, or all of the above, Enbridge stock remains a strong stock to consider on the TSX today.

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