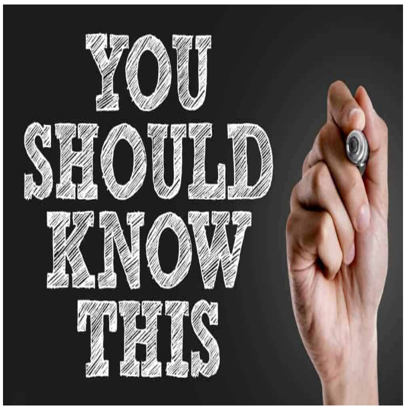

TSX Today: Why Enbridge Stock (TSX:ENB) Is the Best Dividend Stock to Buy

Description

If you're a dividend earner, it's likely you already have **Enbridge** (TSX:ENB)(NYSE:ENB) on your watch list. Enbridge stock has been a top dividend stock to buy on the **TSX** today for a while now. It continues to offer a dividend yield at 6.64% as of writing, and that increased even through the last three years of hardships.

But the oil and gas industry is changing, which has some Motley Fool investors wondering whether Enbridge stock is still a great dividend stock to buy. In short, not only is it one of the top stocks to consider, but it's also one of the best.

Here's why.

Cheap valuations

Right now you can pick up Enbridge stock well within value territory. Shares of the stock are up 30% year to date, yet it still offers a price-to-earnings (P/E) ratio of 16.6 as of writing and EV/EBITDA of 14.68. But it's the future growth that has analysts recommending this stock in droves.

Enbridge stock has been labelled a buy or a strong buy by most analysts for a variety of reasons. First, the company is going through major growth and expansion in the next few years. Many pipelines that Enbridge stock operates should continue to come online, even with COVID-19 disruptions.

Further, Enbridge stock also has future growth opportunities on the way. This comes from acquisitions, further pipeline builds, and also entering the renewable energy sector. Pipelines have already been identified as being the perfect place to transport carbon, offering a new revenue stream. But it's also a massive amount of real estate that, if dismantled, could be used for renewable energy projects down the line. But as of right now, the company is supported by long-term contracts that will keep cash flow stable for decades.

Surging dividend

That cash flow will also include contributing to its dividend yield. As of writing, Enbridge stock has a dividend yield of 6.64%. That yield has grown at a compound annual growth rate (CAGR) of 14.32% over the last decade. And while shares have been volatile over the last few years, the stock has still grown at a CAGR of 9.8% during that time.

This all bodes well for the support of its dividend growth, which Enbridge stock has been in habit of boosting by between seven and nine percent over the last few years. Though because of COVID-19, this year it was only boosted by 3%. Still, that keeps it within the category of Dividend Aristocrat.

And investors can put it to good use. Let's say you wanted to invest in Enbridge stock for the next decade and have about $3,000 to put aside towards that investment each year. That initial $3,000 would get you 60 shares today for dividends of $200.40.

But if you were to reinvest those dividends and hold them for the next decade, you could have a portfolio worth $107,405 at today's levels! If you boost that to 20 years? That becomes a whopping $4,659,282, again at the same levels.

So it just goes to show that patience literally pays off, especially with Enbridge stock in your portfolio on the TSX today.

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