



Dividend Investors: Should You Buy Enbridge Stock or TC Energy Stock Now?

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) just reported Q3 2021 results. Dividend investors in search of reliable above-average yields are wondering which stock is best to buy for their self-directed TFSA or [RRSP](#) portfolios.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) generated solid third-quarter results with strong performances from all four of the operating groups.

Adjusted EBITDA came in at \$3.269 billion compared to \$2.997 billion in the same period last year. Adjusted earnings increased to \$1.184 billion from \$961 million. On a per-share basis, adjusted earnings rose nearly 23% to \$0.59. Distributable cash flow (DCF) was \$2.29 billion compared to 2.021 billion in Q3 2020.

For full-year 2021 Enbridge reconfirmed its EBITDA guidance of \$13.9 to \$14.3 billion. DCF remains on track to be \$4.70 to \$5 per share.

Enbridge completed the Line 3 Replace Project during the quarter. The pipeline went into operation on October 1 and can now operate at full capacity brining oil from Alberta to refineries in the U.S. Midwest.

In October Enbridge closed the US\$3 billion acquisition of an oil export facility in Texas, the 300,000 barrel-per-day (bbl/d) Viola pipeline, and a 20% interest in the 670,000 bbl/d Cactus II Pipeline. The new assets are immediately accretive.

Enbridge has \$17 billion in capital projects. It expects to put \$10 billion in service by the end of 2021.

The board didn't raise the dividend along with the Q3 report. Enbridge announced a payout hike in December last year and might do the same when it provides its 2022 outlook on December 7.

The current quarterly distribution is \$0.835 per share. That's good for an annualized yield of 6.3%.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) also had a decent quarter. The company reported comparable EBITDA of \$2.24 billion in Q3 2021 that was essentially in line with the same period last year. Comparable earnings rose to \$972 million from \$893 million. That translates into \$0.99 per share compared to \$0.95 per share in Q3 2020.

TC Energy's asset portfolio is heavily focused on natural gas transmission and storage. The company is advancing a total of \$22 billion in capital projects through 2025.

The board didn't raise the dividend with the announcement of the Q3 results, but the company did reduce its annual dividend-growth guidance. TC Energy had previously said it was targeting dividend increases of 5-7% per year. The new guidance is for 3-5% per year.

Management said the company has the ability to meet the original target but prefers to keep more cash to pay for the upcoming capital initiatives.

TC Energy's current quarterly dividend of \$0.87 per share provides an annualized yield of about 5.3%.

Is one a better buy today?

The market likes Enbridge's results better than the news from TC Energy. Enbridge's stock price jumped 2%, while TC Energy initially fell 3%.

Both stocks should be solid picks for a buy-and-hold portfolio focused on dividends. However, if you only buy one, I would probably make Enbridge the first choice today. The stock offers a better dividend yield and will likely deliver dividend growth in line with TC Energy in the next few years.

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3. TSX:ENB (Enbridge Inc.)
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