



Enbridge Stock: Going to \$60?

Description

When building a portfolio of high-quality stocks that you can hold for the long-term, large blue-chip companies that are robust and reliable are some of the best to consider. That's why **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a massive \$100 billion energy giant, is one of the most popular Canadian stocks.

Not only is energy one of the most important sectors there is, but Enbridge is a key component of the North American energy industry.

So even when the stock is falling out of favour, you can be confident that over the long run, it will continue to be reliable. And that shouldn't be too hard, considering the stock earns a tonne of cash flow and pays a consistently growing dividend.

What has Enbridge done lately?

When the pandemic hit and shutdowns began, there was real panic in the energy industry. With much less mobility from consumers and businesses, there would naturally be less demand for energy which is exactly what happened. At one point, oil prices even briefly traded in [negative territory](#).

So, of course, with the impacts on the entire industry, many of these energy stocks were severely impacted, losing tonnes of money and rushing to trim their dividends to shore up their balance sheets. And although Enbridge did see up to 40% of its revenue impacted initially, the energy stock continued to generate substantial free cash flow.

Most investors already knew that Enbridge had high-quality and resilient operations. But after weathering the storm through the unexpected and unprecedented nature of the shutdowns at the start of the pandemic, Enbridge has clearly shown that it's a high-quality company you can count on.

Now, one of the biggest knocks on Enbridge from bears would be its exposure to fossil fuels, which we are slowly starting to phase out. However, in addition to the fact that Enbridge's operations are essential, and moving energy by pipeline is the safest form of transportation, the company has also

been heavily diversifying into renewable energy.

It already has a significant portfolio of renewable generating assets and earlier this year announced several initiatives to increase its exposure to green energy, including the formation of a New Energies Team and a significant commitment to invest in renewable natural gas.

Furthermore, just this morning, Enbridge announced another investment into a carbon capture project, which also adds to its clean energy exposure.

Can Enbridge stock rally to \$60?

As the stock continues to look forward, it continues to show strong potential. Enbridge is a major cash cow. So, in addition to consistently increasing its dividend, it's also consistently investing in upgrading its operations and expanding its portfolio. This makes it an excellent stock to hold long-term.

So while it's impossible to predict what might happen in the short-term and whether Enbridge could hit \$60, or \$40 next, as long as nothing unexpected happens, the stock should be well on its way to \$60 in the medium term.

Currently, at just under \$50, Enbridge stock yields 6.8%, and it's due for another dividend increase soon. In addition, at this price, Enbridge trades at a forward enterprise value/[EBITDA](#) ratio of just 11.9 times and a forward price to earnings ratio of just 16.3 times. Indeed \$60 a share would give Enbridge a price-to-earnings ratio of roughly 20 times, a fair valuation for such a high-quality energy infrastructure business.

Analysts are bullish on Enbridge too. While the [average target price](#) isn't quite \$60, it's still more than 15% above where the [dividend stock](#) trades today, and the highest estimate is upwards of \$70 a share.

So if you're looking for a high-quality blue-chip stock that is dependable and can continue growing over the long term, Enbridge is one of the top Canadian stocks to consider.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News

PP NOTIFY USER

1. arosenberg
2. danieldacosta

Category

1. Energy Stocks
2. Investing

Date

2025/08/21

Date Created

2021/11/29

Author

danieldacosta

default watermark

default watermark