



## RRSP investors: Is Enbridge (TSX:ENB) Stock a Top Pick for 2022?

### Description

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) recently gave up some of its 2021 gains. Investors who missed the rally this year are wondering if Enbridge stock is now [undervalued](#) and a good buy or their RRSPs heading into 2022.

### Enbridge earnings

Enbridge reported solid Q3 2021 results that showed the effects of the rebound in fuel demand in 2021. Adjusted earnings came in at \$1.2 billion in the quarter, up 20% from the same period last year. Adjusted EBITDA increased 10% to \$3.3 billion.

Enbridge confirmed its 2021 guidance for the full year for both EBITDA and distributable cash flow.

### Growth

Enbridge is on track to put \$10 billion in new assets into service this year. This includes the recently completed Line 3 Replacement project that took eight years to get through all the regulatory approvals. The timing is good for Enbridge, as fuel demand ramps up in the United States. Enbridge uses the Line 3 pipeline to move oil from producers in Alberta to U.S. refineries, where it is turned into gasoline, jet fuel, and diesel fuel, among other products.

Enbridge also increased its asset base through the US\$3 billion purchase of an oil export terminal and associated pipeline infrastructure in Texas.

Looking ahead, Enbridge just added \$1.1 billion in new projects to its development portfolio. The new assets will be in the natural gas and renewable energy groups. These divisions will likely see the bulk of the organic growth in the coming years.

Enbridge's natural gas transmission network moves about 20% of the natural gas used in the United States. The renewable energy group has wind and solar projects in place and under development.

## Dividends

Enbridge just raised the dividend by 3% for 2022. That's the same as the increase it put in place for 2021 and represents the 27th straight annual dividend hike. Management expects distributable cash flow (DCF) growth to average 5-7% in the next few years, so ongoing dividend increases should be on the way and could be higher than what investors received in the latest hike.

The new payout for 2022 provides an annualized yield about 7% at the current share price. That's a great return for RRSP investors who often use distribution to buy new shares and harness the power of compounding to build their retirement portfolios.

A 7% yield is also attractive for income investors who might be searching for a top dividend stock to stick in their [TFSA](#) for next year.

## Should you buy Enbridge stock now?

Enbridge trades near \$48 per share at the time of writing compared to a high of \$54 it hit in early November right after the Q3 results. The pullback in the stock appears over done given the strong 2021 results, and the outlook for cash flow growth in the next few years.

The company is a giant in the energy infrastructure industry, and its strategically important assets will only grow in value, as it becomes harder for new pipelines to be built in Canada and the United States. If you have some cash to put to work in a self-directed RRSP focused on dividends Enbridge deserves to be on your radar right now.

### 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

8. Yahoo CA

**PP NOTIFY USER**

1. aswalker
2. kduncombe

**Category**

1. Energy Stocks
2. Investing

**Date**

2025/07/05

**Date Created**

2021/12/14

**Author**

aswalker

default watermark

default watermark