I'd Buy Enbridge (TSX:ENB) Today For 3 Reasons + $1.1 Billion More

Description

North America's top-tier energy infrastructure company will focus on enhancing returns from existing assets, modernizing these assets, and capitalizing on low-capital intensity opportunities in the next three years. The objectives are achievable with the recent announcement by **Enbridge** (TSX:ENB)(NYSE:ENB) that it obtained approval for $1.1 billion worth of new capital projects.

According to Al Monaco, Enbridge's CEO, the $97.5 billion pipeline giant knows its essential role in addressing global energy shortages in the coming years. He further adds, "We also plan to continue to invest in low-carbon opportunities that leverage our existing assets and provide a platform for future growth."

The clear goals and more than a billion-dollar sanctioned projects should be enough to prompt people to invest in Enbridge without delay. The current share price is $48.13 (+26.61% year-to-date), while the dividend yield is a super attractive 7.15%. If you invest today and reinvest the dividends, your capital will double in 10 years.

Sustainable investing

Enbridge fits the bill for investors looking not only for profits but also societal and positive environmental impacts. Monaco said, "Recent global energy shortages have confirmed again that our assets will remain essential, while our early low-carbon energy investments illustrate how our assets will be a bridge to a cleaner energy future."

Last year, the blue-chip company had set new ESG goals to reduce emissions to net-zero and improve diversity. In 2021, it lowered emissions, increased workforce and Board diversity, and integrated its ESG goals into enterprise-wide business plans and compensation to drive future performance.

Enbridge recently signed a memorandum of understanding with independent power producer **Capital Power** to work on a carbon capture and storage (CCS) project in Alberta.

Solid foundation

Management said Enbridge has a solid foundation for 2022 and its three-year outlook following the strong execution of its strategic priorities this year. It asserts that the high utilization of its assets reflects strong end-user demand and the delivery of critical, reliable, and affordable energy.

Because of the $10 billion growth capital that went into service in 2021, expect Enbridge to generate significant cash flow growth in 2022. According to management, it should drive its leverage metric to the lower end of Enbridge's 4.5x to 5.0x debt-to-EBITDA target range. Moreover, the company will have the additional financial capacity to grow the business.

Dividend growth streak

Monaco wants to stress that Enbridge's value proposition will continue to emphasize a strong balance sheet and return of capital to shareholders. He said, "We are pleased to be growing our 2022 dividend by 3%, marking our 27th straight year of increases."

The energy company targets to grow its dividends up to the level of its medium-term average annual DCF per share growth outlook of 5% to 7% through 2024.

Mantra

One of Enbridge's mantras is the disciplined deployment and allocation of capital, says Monaco. Management looks forward to its 3-year planning horizon and the potential annual investment capacity of $5 to $6 billion. The company plans to prioritize half of it to core low-capital intensity and utility-like investments.

Enbridge is a standout on the TSX and a must-buy stock today, given the recent developments and visible future growth.

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