



Cenovus, Encana, TransCanada: 3 Important Takeaways from Last Week's Earnings

Description

Every quarter we get unique insight into a company that goes beyond the headline earnings results. The insight comes in the form of quarterly conference calls, specifically during the question and answer period with analysts. Here are three important takeaways from last week's round of calls.

1. Cenovus Energy ([TSX: CVE](#)) – July 24

Cenovus Energy didn't have a spectacular quarter, as earnings per share [didn't come close to meeting analyst estimates](#). But the company's conference call did give investors insight into a growing trend: oil by rail.

Many see rail as the near-term savior for relieving Alberta's crude bottleneck. When asked about the future of crude in light of the recent tragedy in Quebec, CEO Brian Ferguson gave us some insight on Cenovus' plan. You can read the entire conference call transcript [here](#).

"We continue to believe, for Cenovus, that we can safely move crude by rail. We are targeting to have 10,000 barrels per day moving by rail later this year. We have committed to some medium-term leases on additional rail cars, which will see us in a position to move up to 30,000 barrels a day by rail next year."

If Cenovus is any indication, Canadian oil producers are ready to embrace the oil by rail movement that has exploded in the U.S.

2. Encana ([TSX: ECA](#)) – July 24

The revamp is ongoing at Encana; [earnings beat expectations](#) as the company continues to increase its liquids production. CEO Doug Suttles has been on the job all of a month and a half, but on [last Wednesday's call](#) he made his priorities clear:

1. Target and maximize cost efficiencies

2. Practice financial discipline, with specific focus on generating strong ROI
3. Achieve a year-end exit rate of 70,000 to 75,000 bpd of liquids production
4. Put Encana's new strategy in place by the end of 2013

These are all tangible goals that can and should be tracked by investors when Encana releases third-quarter earnings. A turnaround is certainly possible at Encana, if management proves itself capable. Achieving stated goals is step number one.

3. TransCanada (TSX: TRP) – July 26

On Wednesday, TransCanada [posted improved year over year results](#), but still missed analyst estimates.

It's tough for investors to remember how diversified TransCanada is, given that the great majority of information we consume about the company consists of Keystone XL commentary, or the problems with the Mainline gas pipeline. The second quarter conference call reminded us not just of the company's business segment diversity, but also of its geographic diversity. Karl Johnson, Executive Vice President and President of Natural Gas Pipelines for the company, had some insight on TransCanada's opportunity in Mexico. You can read the whole transcript [here](#).

"I think our position in Mexico is excellent. I think we have a very good base position right now. We've got, essentially, 3 projects under construction, 2 in the very early stages and 1 in the middle of construction. And a good presence in Mexico City with all the key stakeholders. So if the reforms do pan out and some of the existing infrastructure is available, I think that TransCanada will take a very serious look at it."

Mexico's energy reforms could drive quite a bit of business for North American energy companies. TransCanada already has its foot in the door, which bodes well for future growth, if and when reforms materialize.

Bottom line

Don't miss out on the direction your company is headed by getting bogged down by the bottom line. There is plenty of insight to be gleaned by reading conference call Q&A's every quarter.

While oil and gas related entities tend to steal the spotlight, savvy investors know that the real opportunities lie off the beaten path. Rather than sticking to mainstream energy sources, your portfolio could be best served by uranium – the key ingredient for nuclear power. And with the global nuclear market ramping up in places like China, it could be a big winner. The Motley Fool has prepared a Special FREE Report that will clue you into the [two best uranium companies in Canada](#). It's called "**Fuel Your Portfolio With This Energetic Commodity**". [Click here](#) and you can receive a copy at no charge!

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1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:TRP (TC Energy Corporation)

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Author

aduffy

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