



Earnings Preview: Can TransCanada Corporation Deliver for Shareholders?

Description

TransCanada ([TSX: TRP](#))([NYSE: TRP](#)) is scheduled to publish its quarterly earnings today. After repeated delays of the company's controversial Keystone XL pipeline, TransCanada has been searching for new expansion avenues. Now some elements of that new growth strategy are starting to emerge.

Let's take an early peek at what's been happening at the company over the past few months and what we're likely to see in the upcoming report.

Stats on TransCanada

Analyst EPS Estimate	\$0.50
Year-Ago EPS	\$0.51
Revenue Estimate	\$2.30B
Change From Year-Ago Revenue	14.60%
Earnings Beats in Past 4 Quarters	2

Source: Yahoo! Finance

Can TransCanada deliver for shareholders this week?

Analysts have become more pessimistic regarding TransCanada's earnings potential. Over the past few months analysts have reduced their consensus earnings estimate for the upcoming quarter and full fiscal year by \$0.04 per share. However, none of this has had much of an impact on the stock price. TransCanada shares are up 8% over the past three months.

Thanks to growing opposition against the energy industry, TransCanada has struggled to expand its pipeline business. Earlier this year the U.S. State Department delayed its final decision on the company's controversial Keystone XL pipeline, likely pushing back any decision until after the November mid-term election. Without an obvious expansion avenue, most investors were starting to give up on the stock.

However, in lieu of Keystone, TransCanada is starting to move forward on alternative projects. This week, the company announced that it will file an application to build its massive Energy East pipeline as early as next month. Touted as one of North America's largest energy projects, the \$12 billion proposal will find a new outlet for Alberta's landlocked oil production.

If approved, the pipeline will transport 1.1 million barrels of oil sands bitumen per day to refineries on Canada's east coast. Work on the project could begin as early as the first quarter of 2016, although this is assuming a speedy approval by the National Energy Board.

TransCanada is also finding expansion opportunities outside of its oil transportation business. The company has secured \$15 billion in new natural gas pipelines and power generation projects. Debottlenecking initiatives and cost cutting efforts could also drive further earnings growth.

In TransCanada's report, investors should continue to look for alternative expansion possibilities. If the company can prove to shareholders that it's more than just Keystone XL, then the stock could once more gain favour with investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

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Author

rbailieul

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