



5 Things TransCanada Corporation's CEO Wants Investors to Know

Description

Despite facing its fair share of challenges over the past couples of years, **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) continues to report pretty solid results. During the first quarter, for example, the company reported a 6% increase in profitability.

That said, the company isn't simply content with the status quo, which was clear from comments made by CEO Russ Girling on the company's first-quarter conference call. Here's what he wanted to make sure investors know about the company's future plans.

Operate well

Girling started by saying,

Looking forward, our priorities remain straightforward. First of all, we will operate our existing assets safely, maximizing the utilization and continuing to deliver stable and growing cash flows.

The foundation of TransCanada's future plans is to operate its assets well, which means to not only operate safely, but to maximize the value it can capture from these assets by looking for opportunities to fill up its capacity. The company's ability to do this will provide a solid foundation for its dividend over the long term.

Close the deal

Next up, Girling said,

Second, we will close the \$30 billion **Columbia Pipeline Group Inc.** (NYSE: CPGX) acquisition and complete our asset sales.

TransCanada is in the middle of acquiring U.S.-based Columbia Pipeline group in a somewhat complex transaction. Instead of offering cash and stock to Columbia, it offered all cash, which meant it

needed to get creative to source that cash given the sheer size of that deal.

It's off to a strong start after completing the largest share sale in Canada, raising \$4.42 billion. However, it still needs to complete the sale of its Mexican pipeline joint venture as well as the sale of its U.S. power assets to supply it with the cash it needs to close this deal.

Complete building its pipeline

Girling continued by saying,

Third, we will bring our pro forma combined \$24 billion of near-term projects through the approval process, construction and into operation.

One of the big draws of Columbia Pipeline is its large pipeline of growth projects; the company is currently advancing \$7.3 billion of commercially secured projects. Those projects bring the combined company's project backlog up to \$24 billion. These are projects that TransCanada wants to make sure it completes on time and on budget, so it can capture the value these projects are intended to create.

Move forward with the next wave

Next, Girling noted,

Fourth, we will advance our \$45 billion portfolio of long-term projects.

In addition to the \$24 billion in near-term projects TransCanada is currently working to complete, it has another \$45 billion in projects it hopes to develop in the future. These are less certain projects, like the Energy East pipeline as well as larger scale natural gas pipeline projects like Prince Rupert Gas Transmission and the Coastal GasLink Project.

While it's unlikely that all of these projects will eventually be built, TransCanada's ability to move forward on some of these projects will enable it to continue delivering strong dividend growth over the next decade.

Financing growth the right way

Finally, Girling said,

And fifth and as always, we will continue to finance our business in a way that maximizes our financial strength and flexibility to fund our growth program and to pay a stable and growing dividend.

The final thing Girling wanted investors to know was that TransCanada wouldn't sacrifice its financial strength in order to grow. Instead, it would use that strength to fund growth, which is what it's doing with the Columbia Pipeline deal; the company is using equity and asset sales to fund the deal as opposed to piling on a lot of debt.

By prudently using its financial resources, the company remains in a much better position to weather any storm in the energy sector while still delivering dividend growth.

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Author

mdilallo

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