



## Why TC Energy (TSX:TRP) Is Still a Strong Buy Today for Your Retirement Accounts

### Description

As [retirement](#) approaches, investors would be well advised to start positioning their portfolios with an increasing weighting of [lower-risk](#) stocks that have the benefit of strong visibility and predictability and economically insensitive businesses.

This is all with the goal of reducing the volatility of your portfolio, because when the time comes to start withdrawing your money, you don't want to have to take or monetize losses.

With **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), RRSP investors get solid, growing, and reliable dividend income, as well as growth.

After an 8.7% dividend increase in February 2019, the company has guided to 8-10% annual dividend growth through to 2021.

In terms of growth, TC Energy stock has more than doubled in the last 10 years, all while delivering yearly dividend increases, which has brought the dividend per share from \$1.52 to \$3. And its stock has more than doubled.

### First-quarter results

First-quarter 2019 EPS came in at \$1.07 per share — better than expectations, which were calling for \$1 per share in earnings — and 9.2% higher than the same quarter last year, driven by the completion of new projects in the U.S. natural gas pipeline segment as well as strong liquids results.

Funds from operations increased 12% to \$1.8 billion, and distributable cash flow increased 13%. With this continued strong cash flow generation, TC Energy continues to expect that the majority of its capital project funding needs will be taken care of from cash flow generated.

## Growth

TC Energy is advancing \$30 billion of secured growth projects and over \$20 billion of projects are under development.

The company is well capitalized and well positioned to pursue its growth opportunities, all while keeping its debt-to-EBITDA ratio below five times. It is currently at 4.6 times.

Since 2016, EBITDA has increased 29% to \$8.6 billion. In the next two year, it is expected to increase another 18% to more than \$10 billion.

In this same time frame, EPS has increased 38% to \$3.86 and is expected to increase another 8% to more than \$4.15.

## Final thoughts

TC Energy is currently trading at a dividend yield of 4.57% and is still trading at historically low valuations. But the problems that the lack of oil and gas infrastructure in Canada have created are being increasingly recognized and it looks like change is coming.

LNG projects have been approved, the Trans Mountain pipeline expansion approval is looming, oil prices remain strong and rising, and natural gas prices have at least bottomed and may be setting up for a rally as LNG projects progress.

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