



Got \$3,000? Buy This Dividend Stock Now and Get Richer

Description

After posting a solid 41.9% gains in 2019, the shares of **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) seems to be struggling this year. As of June 24, its stock has seen a 15.1% loss year to date — against a 10.4% decline in the **S&P/TSX Composite Index**. By comparison, the shares of **Enbridge** and **Inter Pipeline** have slipped by about 20.6% and 45.4%, respectively.

Let's take a look at what could be driving the pessimism for TC Energy in 2020 and find out whether or not the recent drop poses an opportunity to buy the stock right now.

What could be driving the pessimism?

In the last three consecutive quarters, TC Energy has reported a decline in its revenues. In the first quarter, the company's revenue fell to \$3.4 billion — down by 2% on a year-over-year basis.

In the first quarter, TC Energy's total revenue went up by 4.8% sequentially to \$3.4 billion but fell by about 2% on a year-over-year basis.

Also, during TC Energy's first-quarter earnings conference call, its CEO Russell K. Girling [said](#) that the company could face some slowdown in its construction activities [due to the COVID-19 pandemic](#). Its falling revenue and expectations of a slowdown in the construction activities could be two of the key reasons for investors' pessimism.

Why I still love TC Energy

On the positive side, it reported a 6.4% surge in its adjusted EBITDA during the same quarter, with a solid adjusted EBITDA margin of 74.2%. In Q1, TC Energy's adjusted net profit margin also expanded to 32.5% as compared to 28.3% a year ago.

The company's rising profitability is one of the key reasons I believe its stock could turn positive in the near term.

Analysts are positive on TC Energy

Recently on June 16, **Evercore** — the New York-based advisory firm — started its coverage on TC Energy with an outperform rating and a price target of \$75. The next day on June 17, **Citigroup** slashed its target on the company from \$75 to \$69, though.

Overall, most of the Wall Street analysts are positive on the Canadian energy company as 17 out of total 23 analysts who are covering it recommend a “buy.” In comparison, the remaining six analysts give a “hold” rating. Interestingly, no Wall Street analyst is recommending a “sell” on TC Energy at the time of writing.

Foolish takeaway

Currently, TC Energy is trading 14.2 times its expected earnings for the next 12 months, which might seem a bit high at first. However, you may want to pay slightly more than 14 times the expected earnings to own shares of a company that has such strong profit margins, especially when you're probably getting it cheaper, as compared to most other good stocks at the moment.

Oh, I almost forgot to tell you about the dividends part. If you don't know already — TC Energy has a solid 5.5% dividend yield, and that gives you another reason to buy its stock right now. Its Q1 dividend per share stood at \$0.81 — up 8% from a year ago.

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Date

2025/08/27

Date Created

2020/06/26

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