



## Warren Buffett: Buy This Top Energy Stock Before it's Too Late!

### Description

Warren Buffett has been known for making contrarian bets during market crashes and bear markets. His mentality to buy the best businesses during the worst markets has paid off during his leadership at **Berkshire Hathaway**. If you'd invested \$1,000 into Berkshire in 1964, your investment would be worth approximately \$27 million today! It seems like he knows a thing or two about contrarian bets.

### Buy the best stocks in the worst markets

Warren Buffett once said, "Most people get interested in stocks when everyone else is. The time to get interested is when no one else is. You can't buy what is popular and do well." This statement especially rang true this year when Mr. Buffett bought a natural gas pipeline from **Dominion Energy**. Many commentators criticized this investment for the fact that Berkshire appeared to be doubling down on "dirty" oil investments. Energy stocks were trading near all-time lows, and it didn't look like the oil sector would ever recover.

Yet, I think Warren Buffett saw a great opportunity to buy a strong asset in a bad market. Regardless of the pandemic, renewable power, or any struggle occurring in OPEC, people need natural gas to heat and power their homes. Consequently, I think this contrarian investment will pay off nicely for Berkshire.

### Beat the market to this Warren Buffett stock

With potential COVID-19 vaccines, we are already starting to see [a new bid for cyclical energy stock](#). If you want to beat "what is popular" the Warren Buffett way, then here is one great TSX energy stocks that still has a long way to go up.

This high-quality TSX stock is not unlike the pipeline Warren Buffett just acquired. It is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). TC owns and operates one of the largest natural gas pipeline networks in North America. It also operates a liquids pipeline network and seven natural gas power plants. Year to date, the stock is down 14%; however, since November 6, the stock has enjoyed a nice 15% uptick.

## Despite a challenged sector, this business is stable

While it operates in an unloved and volatile sector, TC has an operational model Warren Buffett would envy. 95% of its EBITDA is derived from regulated assets or long-term contracts. Consequently, the company has been able to consistently raise its dividend every year since 2000. Since then, it has enjoyed a dividend CAGR of 7%!

Today, TC is investing \$37 billion in its infrastructure. Management believes this could accrete an EBITDA CAGR of 7% over the next four years. Now, it isn't without risks. Its largest project, the Keystone XL pipeline, could potentially be quashed by a Biden presidency. Yet a large remainder of projects are focused on organic system improvements, regulated maintenance, or gas pipeline extensions. Most have a high probability of completion.

Regardless of growth in renewables, North Americans and people across the world will continue to need fuels and natural gas transportation for many years ahead. In fact, reductions in energy spending and production could quickly [lead to shortages](#) in mid-2021. Accordingly, the best remedy to low energy prices is low energy prices. As a result, TC Energy could see a strong recovery sooner than you might think.

## Like Warren Buffett, buy this stock before the market loves it

The point is, this stock is cheap compared to historical valuation metrics. It pays a great 5.5% dividend that should grow by 8-10% into 2021 and 5-7% beyond that. Given that, you are hardly taking a risk by being patient like Warren Buffett and buying this great energy stock today!

### CATEGORY

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

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## Author

robbybrown

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