



1 Dividend Aristocrat That Will Generate Massive Long-Term Wealth

Description

A midstream company in the energy space that hasn't cut its dividend throughout the oil price crisis of 2020 is nothing to be scoffed at. And now when oil prices are slowly moving up (crude oil was at US\$35 in October and is now trading at US\$45), things will only get better for companies like **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). The company is a leading operator in the North American infrastructure industry space.

Betting big on storage and natural gas

Out of TC Energy's \$37 billion expansion program, \$22 billion has been earmarked for natural gas pipeline projects. As the consumption of natural gas grows in the world, TC Energy, with one of the largest pipeline networks, is in a prime position to take advantage of the growing volumes. It operates 57,900 miles of natural gas pipelines that carry about 25% of America's natural gas demand.

TC Energy is using pumped-storage technology to enter the energy storage industry. It is constructing two such facilities in Canada for about \$3.5 billion. This ambitious project aims at reducing carbon emissions by 500,000 tonnes of greenhouse gases annually. The project is yet to be approved, but considering its environmental benefits, the chances of disapproval are low. If the project materializes, then it can provide a major boost to the company's operations.

TC Energy, under its Bruce Power subsidiary, has entered a long-term agreement with the Ontario Independent Electricity System Operator (IESO) to progress a series of incremental life-extension investments to extend the operating life of the facility to 2064.

TC Energy's dividend-paying capabilities

The best aspect of the company is its dividend yield. The company boasts a dividend yield of 5.46% as of today, which is way superior to the 1.5% by the S&P 500 index. Also, unlike other midstream companies, TC Energy's distribution did not cut down on its dividend distribution, even in the low crude oil priced environment. It has achieved dividend growth at a [CAGR of 7%](#) since 2000 and expects to

increase its dividend by 8-10% in 2021 and 5-7% thereafter.

A quick look into the company's third-quarter financials shows the company has operating cash flows of \$1.78 billion. Unlike its contemporaries, the robust management of TC Energy made sure it is minimally hit by the pandemic and expects to grow its EBITDA at a CAGR of 8% over 2024. [Fellow Fool Robin Brown](#) has also recommended the stock, saying it is poised for a dramatic recovery.

The Foolish takeaway

TC Energy is currently trading at \$57.13, and analysts have given it a target of \$70.35. That's an upside of over 23% from current levels. TC Energy has strong financials, and it is a lot more stable compared to its peers. It has an efficient management team that has done a good job so far, grabbing opportunities available in the market while protecting it from downside risk. It is a smart choice for investors seeking stable income along with growth.

CATEGORY

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2. Energy Stocks
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