Is TC Energy Stock a Buy Following Earnings?

Description

Pipeline stocks are quite favourable options for investors seeking defensive income plays in the energy sector. Indeed, investors in **TC Energy** (TSX:TRP)(NYSE:TRP) stock have a lot to like about a nearly 6% dividend yield alongside an incredibly defensive business model providing stable cash flows.

However, as a pipeline play, TC Energy stock has underperformed the expectations of many value investors of late. Indeed, it appears ESG-related concerns and a shift toward renewable energy options have shifted investors' focus to other energy stocks. Indeed, capital inflows and outflows matter to sectors and specific stocks. In this regard, investors appear to have difficulty finding a reason to own TC Energy stock.

Let's dive into whether TC Energy is a buy in this current environment.

TC Energy stock down following earnings

TC Energy reported earnings on August 12. This earnings report appears to be met with indifference by the market, with TC Energy stock down approximately 2% since the report was issued.

Investors appear to be factoring in what the impact to TC Energy stock will be from the Keystone XL cancellation. Though this announcement was a while back, investors may look at other competitors, such as **Enbridge**, that have successfully managed to get a pipeline expansion project approved. Indeed, the political environment has been unfavourable to TC Energy of late. This is the backdrop investors need to accept when considering pipeline stocks.

As far as actual reported numbers go, things really weren't all that bad for investors in TC Energy stock. The company reported lower net profit due to a $2 billion impairment charge on its cancelled Keystone XL project. However, the company's Q2 net income came in at $982 million, or $1 per diluted share. That's not bad, considering the circumstances, but it's down from last year's $1.28-per-share figure.

Everything is relative, and on that basis, TC Energy appears to be doing well. This company's revenue actually grew year over year, as more oil production boosted TC Energy's top line.

Those thinking long term and looking for an intriguing energy pick may want to consider TC Energy as a potential candidate on these numbers alone.

Bottom line

In my view, TC Energy is one of the safest ways for investors to play the energy space today. This company's stable recurring cash flows are hard to beat. TC Energy stock is a dividend play with great long-term capital appreciation upside. For income investors, the company's 5.9% dividend yield is hard to beat.

For long-term investors seeking a reasonable mix of growth, income, and value, I think TC Energy ticks all the boxes.

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2. Energy Stocks
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