



TC Energy (TSX:TRP) Stock Could Have a Huge 2022

Description

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a pipeline kingpin that doesn't get nearly as much [respect](#) as it deserves. While you could get more yield by some other player in the midstream space, I think that in terms of quality, it's tough to match TC Energy's value proposition at this juncture. Remember, at the end of the day; it's about the quality of assets you're getting for the price you'll pay. For TFSA and RRSP investors, value picks like TRP may be the way to go, rather than looking to catch a bottom in the fast-falling tech names.

Indeed, I think TC Energy boasts some magnificent cash flow-generative options that are well worth a premium price tag. While the dividend yield is rich at around 5.4%, it's not the most bountiful play. Undoubtedly, passive-income investors have more incentive to opt for a name like Enbridge, which commands a colossal, but very safe dividend yielding around 6.3%. Further, **Enbridge** is also a \$110 billion behemoth with staying power and one of the most generous management teams in the entire Canadian market.

TC Energy stock an intriguing dividend play, as investors rotate back to value

Enbridge has raised its dividend through the toughest of times. While TC Energy has also rewarded shareholders for their patience, I think that the smaller pipeline has a lot to offer for those willing to forego 0.9% in extra yield.

At 34.1 times trailing earnings and 4.8 times sales, TRP stock is hardly a bargain. That said, it's tough to stack up against the firm's geographically diversified asset base. Further, TC is poised to improve upon the ESG factor of late, just like its bigger brother Enbridge. High emissions have typically been a knock against the midstream energy giants. As they take steps to lower their carbon footprint over time, however, I think that young investors, especially those keen on ESG initiatives, will warm up to them.

TFSA and RRSP investors: Sticking with fundamentals

For now, there's no denying the firm's robust cash flows. Natural gas transportation in Mexico offers a compelling opportunity to grow earnings at an above-average rate over the foreseeable future. With such assets, I think TC Energy ought to be worth a much higher multiple than many of its peers in the space.

TC Energy isn't just a diversified pipeline play, though. It has one of the better managers in the space. Through regulatory hurdles, setbacks, headwinds, and all the sort, the firm has found a way to continue moving forward. And for that reason, there's a case to be made for TC Energy as one of the top stock picks in the Canadian market today.

What Could Propel TC Energy stock higher in 2022?

TC Energy has a lot going for it in the new year. Not only have energy stocks been given a second wind on the back of improving conditions, but the "growth-at-any-price" trade has soured in favour of value. In terms of value, it's tough to match TC Energy after a modest but still not very impressive 2021. At writing, the stock is down 15% from its pre-pandemic high of around \$75 and change per share. Should [the great growth-to-value rotation](#) continue in 2022, look for quality value to move into the driver's seat.

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