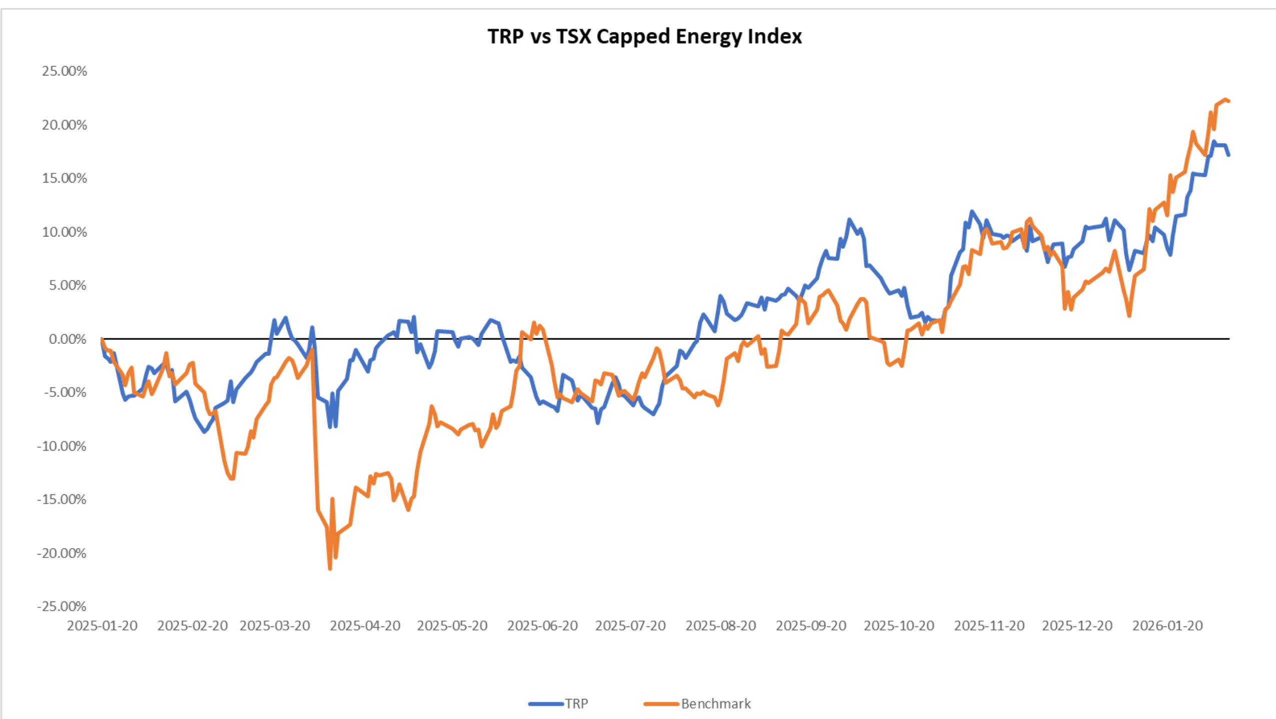
# TC Energy (TSX: TRP) Pitch note

## Company overview

TC energy is one of North Americas largest energy companies with their headquarters being in Calgary, Alberta. On October 1st of 2024 Tc energy executed a spinoff of their crude oil business forming the now South bow corp. Current CEO and president François L. Poirier oversaw the spinoff and has been in charge since January of 2021. They have 3 core aspects of their business Natural gas pipelines, liquids pipelines and power and energy solutions. Natural gas pipelines make up roughly 80% of company revenue, 40% coming from the US, 35% from Canada and 5% from Mexico. The liquid pipelines make up about 15% of their revenue with that all being generated in the west of Canada thru the American gulf coast. As of February 10th TRP is trading at $81.47, with a 52w high of $81.96 and a 52w low of $63.19. They are up 22% in the past year and have a SI of 3.26% with a S3 score of 33 meaning despite them trading near their 52w high the street is still bullish on them.

| Market Cap (CAD $Bs) | Dividend Yield | Shares Out (MMs) | Beta | TTM Rev Growth | TTM EPS |
|---|---|---|---|---|---|
| 84.86 | 4.13% | 1000 | 0.7276 | 14,648.0M | $3.58 |



**Key thesis points**

- **Steady growth in operations led by good leadership:** Tc energy executed over $8 billion of projects in 2025 in which they came in 15% under budgets. Largest project that they completed was refurbishing a nuclear power plant in Ontario which provides energy to eastern Canada and midwestern America.
- **Securing a large number of projects:** This indicates that they are going to have stable growth throughout the future. The industry trusts them with their business in the future and they well respected company. They secured $5.1 billion in contracts for the coming years, which have an average build of 6x. Furthermore, many of these contracts are take or pay meaning that they create revenue even if the clients don't follow through. Consistent, steady growth with low risk.
- **Investment in an emerging Mexican economy:** Plan Mexico 30 would place Mexico in the world's top 10 economies. This would no doubt increase the need for natural gas, projections show a 66% increase within the next 10 years. This sets up Tc energy to be able grow with the market as they currently support 10/14 natural gas plants in Mexico.
- **Improvements in their regulatory environment:** Various bills are being passed throughout North America which will help reduce the red tape around new projects. One example is Bill 5-c in Canada which has the goal of improving building conditions across Canada. The belief is that there will be an increase in funding for natural gas and nuclear energy as we try to move away from crude oil. These are all signs that show a steady, secure, and growing industry.

**Industry overview**

Natural gas, liquid and nuclear energy are all industries that as we stay in this era of international tension it's an industry which will be see a lot of investment but also a lot of volatility which furthermore putting an emphasis on securing contracts for the future. Projections show that there will be an increase in the consumption of for Ng1 primarily in North America.  Other big players in the market like Enbridge are also trading around their 52w high, which shows the street likes this industry in the future. Projections show a +45 bcf/d increase in the demand of NG1 throughout North America. Increase for commercial demand for Natural gas, According to the

CGA Canada hit a record high for Natural gas usage. It's up 4% from 2024 which was previously a record high.

**Competitor Analysis**

| Company Name | Mkt cap (CAD) | Transport/day (Natural gas) | Revenue | LTM Debt/EBITDA | LTM EBITDA MARGIN% |
|---|---|---|---|---|---|
| Enbridge | 150.26B | 23.56(Bcf/d) | 64,234.0M | 6.0x | 26.5% |
| Kinder morgan | 93.57B | 46.3(Bcf/d) | 16,937.0M | 4.5x | 54.4% |
| William cos | 114.46B | 16.5(Bcf/d) | 11,950.0M | 4.4x | 42.3% |
| **Tc energy** | 84.86B | 52.60(Bcf/d) | 14,648.0M | 6.5x | 63.3% |
| Average | 52.19B | 34.74(Bcf/d) | 26,942.25M | 5.35x | 46.6% |

Above you can find a competitor analysis table for Tc energy and their 3 largest competitors. They currently have the lowest market cap compared to their competitors presented here this is mainly due to their competitors being involved in other forms of business in which Tc energy don't participate in. When it comes to natural gas pipelines, you can see that Tc energy has the largest market share in terms of how much gas their pipelines transport a day. Tc energy has a steady and slightly above average revenue when compared to market cap. Looking at debt/EBITDA you will notice that Tc energy holds more debt compared to competitors, this is due to them taking out loans to build more projects to generate future growth. They have a much better EBITDA Margin compared to competitors showing their ability to turn gross revenue into EBITDA at a more effective rate.

## Valuation

Tc energy trades around industry average with a P/E multiple of 21.2x (industry average of 21.7x), they have an Ev/EBITDA multiple of 13.3x (industry average of 11.5x). Above you can see their three largest competitors, many of them are focused on other areas of their business. TRP is the leading transporter of natural gas across North America which is a key component to a growing energy industry. We believe that there is value in this stock and they should be trading at a premium compared to the market. They have secured steady, safe revenue as well as invested in a country that is bound to growth in the near future, especially in the energy sector.

**Catalyst**

- All $5.1 billion dollars of projects they announced are expected to be in service at the earliest 2026 and all projects have an expected in-service-date by 2030. This shows that they have a prosperous future with good expected returns in the near future.
- Continued growth in the energy sector primarily for natural gas. This could stem from data centers, industrial use, and commercial use.
- Completion of their backlog would allow them to boost revenue and continue to secure projects for the future. Following thru on these contracts allows them to profit on this growing industry.
- Diversification in other energy segments such as nuclear or renewables could generate alternative streams of income as well could limit exposure to revenue is a specific energy that is performing poorly.
- Technological advancement in the natural gas sector would boost the production of NG1, which would allow TRP to increase distribution. As well it would make natural gas more affordable which would increase demand

**Risk**

- Government regulation is always a concern when dealing with energy project and could delay new projects from happening. Environmental activism or Indigenous land rights could impact the building process of new pipelines.
- The price of energy can be volatile, which could impact their business. If the price of energy decreases, it impacts their margins and their bottom-line decreases. If energy prices increase too much, the industry will be spending less, impacting their overall revenue.
- Tc energy carries a lot of long-term risk due to funding pipeline expansion and growth. This leaves them exposed if interest rates hike, or they have a slow year, these will impact their bottom line. This was caused by them taking out loans to begin new projects and create growth for the company. Their cash flow is very steady, and they are expected to get an increase in revenue once their backlog eases. Debt helps create growth, and energy contracts are very reliable, which is a good outlook for the company.