

3 Energy Sector High Dividend Stocks Outperforming In 2014

by Robert Hauver

After rising nearly 24% in 2013, the Energy sector continues to be a winner in 2014, having risen 6.69% as of May 21, 2014. But how have dividend stocks within this sector fared? As it turns out, there are 3 winners from the Energy section of our [High Dividend Stocks by Sector Tables](#), which have handily outperformed the market as a whole, and whose performance has also beaten the Energy sector's by a long shot in 2014.

These 3 energy stocks are all LP's, which offers you additional benefits - LP's must pay out 90% of their earnings, in return for not paying taxes, which often results in high dividend yields; and tax efficiency, since the high yield distributions that you receive will be partially sheltered, via offsets, such as depreciation, on the K-1 form you'll receive at tax time.

The full company profiles are at the bottom of this article.

Here's how these stocks have fared in 2014 and over the past trading month. Compare this with the S&P, which was up 2.15% year-to-date, as of 5/21/14, and up 13.11% over the past year:

	Ticker	Performance (Month)	Performance (YTD)	52-Week High	52-Week Low
Global Partners LP	GLP	6.79%	19.20%	-3.74%	42.99%
Transmontaigne Partners L.P.	TLP	3.25%	14.06%	-2.34%	27.21%
DCP Midstream Partners LP	DPM	6.79%	11.83%	-1.48%	25.08%
	S&P 500	0.86%	2.15%	-53.00%	23.43%

Dividends: All 3 of these stocks yield over 5%, (GLP yields over 6%), and go ex-dividend in late July/Early August. They've all steadily raised their dividends over the past 5 years. Coverage-wise, GLP leads the pack, with a 2.6x distribution coverage ratio. (LP's refer to their dividends as distributions, and their shares as units.)

Ticker	Dividend Yield	Distribution Coverage Ratio	Most Recent Quarterly Distribution	Next Ex-Dividend Date approx.	5-Year Dividend Growth Rate (Annualized)
GLP	6.11%	2.60	\$0.625	8/1/14	5.49%
TLP	5.61%	1.11	\$0.66	7/29/14	3.27%
DPM	5.45%	1.40	\$0.745	8/6/14	5.15%

Options: We haven't added any options trades to our [Covered Calls Table](#), or to our [Cash Secured Puts Table](#) yet, since the options for these 3 dividend stocks aren't currently that attractive. Given the market support they've been getting, you'd most likely do much better with the dividend income and potential price gains.

Earnings & Valuations: GLP and DPM are forecasted to have the biggest EPS growth in 2014, and still look undervalued on a 2014 PEG basis. In 2015, DPM and TLP have stronger EPS forecasts:

Ticker	P/E (TTM)	Est'd EPS Growth Current Year	PEG: CURRENT YEAR	Forward P/E	Est'd EPS Growth Next Year	PEG NEXT YEAR	Sales Growth Past 5 Years
GLP	28.81	58.45%	0.19	19.84	-4.89%	-2.32	16.80%
TLP	24.51	10.00%	2.82	19.67	14.35%	1.96	2.80%
DPM	38.00	66.42%	0.56	20.20	17.94%	2.09	10.20%

GLP leads the pack on a Price/Sales and Price/Free Cash Flow basis:

Ticker	Mkt. Cap	P/Sales	P/Book	P/Free Cash Flow
GLP	\$1.12B	0.06	2.69	9.31
TLP	\$759M	4.78	2.16	158.14
DPM	\$5.91B	1.98	2.49	NA

Financials: It's a mixed bag for these metrics - DPM lags in most categories, while GLP and TLP look similar, but TLP has the best Operating Margin and ROA, whereas GLP has the best Current Ratio and ROE:

Ticker	Return on Assets	Return on Equity	Return On Investment	Current Ratio	Total Debt/Equity	Operating Margin
GLP	1.70%	9.70%	6.40%	1.40	2.20	0.40%
TLP	4.50%	8.90%	6.80%	0.70	0.60	25.20%
DPM	2.50%	6.20%	5.60%	0.70	0.99	7.60%

Profiles:

Global Partners LP, (GLP): Based in Waltham, Mass., GLP distributes gasoline, distillates, residual oil, renewable fuels, crude oil, natural gas, and propane to wholesalers, retailers, and commercial customers in the New England states and New York. It operates in three segments: Wholesale, Gasoline Distribution and Station Operations, and Commercial. The Wholesale segment sells unbranded gasoline blendstocks, such as ethanol and naphtha, as well as diesel to unbranded gasoline customers and other resellers of transportation fuels; home heating oil, diesel, kerosene, residual oil, and propane to home heating oil retailers and wholesale distributors; and crude oil to refiners. The Gasoline Distribution and Station Operations segment sells branded and unbranded gasoline to gasoline stations and other sub-jobbers; operates gasoline stations and convenience stores; and provides car wash and other ancillary services, as well as leases gasoline stations. As of December 31, 2013, GLP had a portfolio of approximately 900 owned, leased, and/or supplied gasoline stations primarily in the Northeast, and 26 refined petroleum product bulk terminals with the capacity of approximately 50,000 barrels.

TransMontaigne Partners LP, (TLP): Founded in 2005 and headquartered in Denver, TLP operates as a terminaling and transportation company, providing integrated terminaling, storage, transportation, and related services for customers engaged in the distribution and marketing of light and heavy refined petroleum products, crude oil, chemicals, fertilizers, and other liquid products. The company operates along the Gulf Coast; in Houston and Brownsville, Texas; along the Mississippi and Ohio Rivers; and in the Southeast US.

It operates 8 refined product terminals in Florida with approximately 6.9 million barrels of aggregate active storage capacity; a 67-mile interstate refined products pipeline between Missouri and Arkansas; and 3 refined product terminals and 1 crude oil terminal with approximately 1.6 million barrels of aggregate active storage capacity in the Midwestern United States. TLP also owns and operates approximately 0.9 million barrels of tankage, which includes a liquefied petroleum gas (LPG) terminaling facility with aggregate active storage capacity of approximately 33,000 barrels; and an LPG pipeline from Brownsville facilities to the U.S.-Mexico border, as well as operate a bi-directional refined products pipeline. In addition, it operates river facilities comprising 12 refined product terminals located along the Mississippi and Ohio rivers with approximately 2.6 million barrels of aggregate active storage capacity; and a dock facility in Baton Rouge, Louisiana connected to the Colonial pipeline, as well as southeast facilities consisting of 22 refined product terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina, and Virginia with an aggregate active storage capacity of approximately 10 million barrels.

DCP Midstream Partners LP, (DPM): Founded in 2005 and based in Denver, Colorado, DPM, together with its subsidiaries, owns, operates, acquires, and develops a diversified portfolio of midstream energy assets in the US. It operates in three segments: Natural Gas Services, NGL Logistics, and Wholesale Propane Logistics.

The Natural Gas Services segment holds approximately 11,500 miles of pipelines; 20 plants; 5 fractionators; approximately 3.2 billion cubic feet per day of processing capacity; and 15 billion cubic feet of natural gas storage capacity.

The NGL Logistics Segment operates 4 fractionators; approximately 1,500 miles of NGL pipelines; and 7 MMBbls of NGL storage capacity.

The Wholesale Propane Logistics segment owns/leases terminals: 6 rail, 1 pipeline, and 2 marine net storage capacity with 975 thousand barrels. The company serves retail and wholesale propane customers, refining and petrochemical companies, and NGL marketers operating in the liquid hydrocarbons industry.

Disclosure: Author was long shares of Global Partners, GLP, at the time of this writing.

Disclaimer: This article was written for informational purposes only. Author not responsible for any

errors, omissions, or actions taken by third parties as a result of reading this article.
Copyright DeMar Marketing 2014. All rights reserved.