3 Large Cap Energy Stocks Lurking Around Their 52-Week Lows

Description

Gold is grabbing many of the headlines but the Canadian energy space hasn't exactly been a beacon of light in recent times. Though both sectors have been rotten performers, the product that each provides is very different.

Energy companies provide something that civilization requires on a day-to-day basis. For most of us (all?), gold has no explicit impact on our ability to go about life.

If one had to pick between the two, it's reasonable to assume that the companies that produce the product that's required by society should be the long-term winners.

Profiled below are 3 large cap energy companies that were trading within a hair of their 52-week low as of Wednesday's close.

Imperial Oil (TSX:IMO,NYSE:IMO) – One of the giants of Canada's oil patch, Imperial's stock has slid by 12% over the past year. The stock trades with an earnings multiple below 10 but with expected year-over-year EPS growth of 1.4% and 2% in 2013 and 2014 respectively, and a dividend yield of just 1.2%, there doesn't appear to be much to get excited about with this name.

Cenovus Energy (TSX:CVE,NYSE:CVE) – Cenovus is endowed with a massive oil sands asset and is on the march towards growing its production from 90,000bbl/d of bitumen to 400,000bbl/d by 2020. The growth profile is nice but the Cenovus story also incorporates the three words that every commodity investor loves to hear – "low-cost producer". The company is likely to benefit substantially if the Keystone XL pipeline gets approved, but success isn't contingent on this outcome. Cenovus has many of the attributes that go into making a great long-term investment – as long as the price of oil holds up.

Crescent Point Energy (TSX:CPG) – Crescent Point's near 8% yield makes a significant first impression to would be investors, however, the company's free cash flow (or lack thereof) suggests the dividend is anything but sustainable. A variety of acquisitions have been made in the recent past that are expected to allow Crescent Point to grow into this dividend, but that seems like a strange way of thinking to this Fool. This stock could turn out to be a big winner if all goes according to plan, but the corporate activity of the recent past is somewhat unnerving in my mind.

The S&P/TSX Composite Index is loaded with resource and financial stocks. Because of this, investors that rely on Canadian Index funds or ETFs severely lack diversification in their portfolio, opening them to undue risks. "**5 Stocks That Should Replace Your Canadian Index Fund**" is our special FREE report that outlines an easy to implement strategy and 5 Canadian stocks that reduce the risks involved with passively investing in the Canadian market. **Click here now** to receive this report – FREE!

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Fool contributor Iain Butler is short $30 April 2013 puts on Cenovus Energy. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:IMO (Imperial Oil Limited)
5. TSX:VRN (Veren Inc.)

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