



## 3 Top Stocks in Saskatchewan

### Description

Everyone likes to support a hometown hero, and Canada's provinces boast many success stories. Today, we take a look at a few exciting opportunities based in Saskatchewan, because there are all kinds of treasures hiding just beneath the soil.

#### Potash Corp. of Saskatchewan

Our first company from the land of wheat is focused on what is beneath the topsoil, **Potash Corp. of Saskatchewan** (TSX: POT)(NYSE: POT). The stock has been recovering nicely since its abrupt drop in July, falling from \$38.90 to \$29.80 in two days. Now the stock is back up to \$39.44 — a nice bump, but it doesn't compare to the five-year high of \$61.83 it was trading at in 2011.

The company is managing its fundamentals to respond to a lower price for potash, which averaged \$250/tonne in the past quarter compared to an average price of \$363/tonne during the same period last year. Sales were affected in the past quarter, but projections for the upcoming quarter are looking better. Earnings are projected to be higher by \$0.05 per share in Q2 than in Q1, and full-year estimates are sitting between \$1.50 and \$1.80 per share.

While the stock is trading right around its price target of \$38.50, it does offer a quarterly dividend of US\$0.36, with a yield of 3.86% and a five-year projected dividend growth of 60%.

#### Cameco Corp.

From fertilizer to uranium, the treasures under the Saskatchewan dirt continue to pay out. Next up is **Cameco Corp.** (TSX: CCO)(NYSE: CCJ). Much like Potash Corp, Cameco has been battling lower commodity prices that have taken a bite out of revenue. This, combined with a global over-supply of uranium, might actually put Cameco in a better place for new investors to jump in.

The stock took a beating when it posted higher earnings in the last quarter, but revenues missed analysts' expectations. Earnings were \$131 million (\$0.33 per share) up from \$9 million (\$0.02 per share). Earnings were boosted by the sale of its share of Bruce Power. Not including the sale, adjusted earnings were \$36 million (\$0.09 per share). Revenues came in at \$419 million, a 6% drop from the

year previous; analysts were expecting \$472 million for Cameco's last quarter.

With the recent political difficulties in Russia, Cameco is well-positioned to capitalize on Western and Western-friendly nations looking to cut Russia out of its energy needs.

### **Alliance Grain Traders**

With so much talk about what is under the dirt in Saskatchewan, let's take a look at a company reaping from the province's harvest. **Alliance Grain Traders** ([TSX: AGT](#)) deals in lentils, peas, beans, chickpeas, and other pulse crops. The company has 31 facilities in six countries including Canada, Turkey, and South Africa. Alliance Grain Traders currently has a distribution network spanning over 100 countries.

Despite some distribution difficulties with the railways, revenue in the previous quarter increased to \$311 million from \$276 million. EBITDA for the quarter was \$17.1 million (5.49% of revenue), up from \$13.6 million (4.85% of revenue) last year. The stock has an average price target of \$21.20 and the stock closed Thursday at \$17.89 with an annual dividend of \$0.60.

### **Bonus pick: Crescent Point Energy**

While **Crescent Point Energy** (TSX: CPG)(NYSE: CPG) isn't based in Saskatchewan, it is one of the leaders in the province's Bakken Shale Gas Reserve. Crescent Point has been busy testing its land reserves over the past year, and in early April it released some very promising numbers. Over 220 sections of its land have been earmarked for drilling, with 400 low-risk drill spots already planned. This means that Crescent Point will be investing \$200 million this year to bring 48 wells online, to add to its 36 already in service.

To bolster its presence in the Bakken Shale, Crescent Point purchased neighboring miner CanEra for \$1.1 billion. With this deal, Crescent Point now controls 880 net sections of land in the region. The daily production rates for Crescent Point are expected to increase by 5% to 133,000 boe/day with this new land.

The stock is still trading just below its 52-week high of \$44.99, closing Thursday at \$44.09. This leaves lots of room for growth, with an average price target of \$50.50 and an "outperform" rating, although this pales in comparison to the company's annual dividend, which is now at \$2.76 with a 6.26% yield.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)
3. TSX:VRN (Veren Inc.)

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