



Here's 1 Energy Stock to Buy: Tourmaline Oil Corp.

Description

Many investors tend to focus on the usual suspects within the energy sector when looking to park their money—the usual suspects being **Suncor Energy Inc.** and **Canadian Natural Resources Limited**. There is no doubt that these are great investments. In fact, I have constantly recommended adding these stocks to one's portfolio.

However, there's one thing investors need to realize. Although share prices of oil-producing companies have plummeted over the past year, they haven't fallen as much as the price of oil has.

Oil has tanked nearly 50% over the last 12 months, but shares of Suncor and Canadian Natural Resources are down roughly 12% and 19% respectively in comparison. When you juxtapose that to the 50% drop in oil prices, a 19% discount does not look as appealing.

Instead, there's another energy stock that is a better investment option right now—a natural gas company.

In the last 12 months, **Tourmaline Oil Corp.** ([TSX:TOU](#)) has fallen about 28%. Whether that's good news or not depends on which side of the fence you sit on. It's not pleasant for those investors who already have a long-term position in the company, but this is a very attractive company for those interested in buying some shares of Tourmaline.

The company's current performance has been promising as Tourmaline reported strong quarterly earnings. Its capital expenditure came in slightly ahead of expectations, as Tourmaline was able to complete additional property acquisitions during the quarter.

Additionally, the company is still on track to post decile per-share growth of 40% in 2015. Some analysts believe that strong results across its land base, improved capital efficiencies, and less facilities spending is what will drive the company to stay on track.

Tourmaline has a strong balance sheet with a debt-to-cash-flow ratio below 1.5 times. Such a level of debt-to-cash-flow puts the company in a great position, given the current commodities environment. Natural gas prices are around \$2.80 and a \$2 price tag is increasingly becoming a new norm for the

commodity. As a result, several opportunities could arise where companies with weak balance sheets will be forced to go on sale. That's when strong players like Tourmaline will come in and easily swoop up the best of the assets at "throw-away" prices.

Of course, no one can predict where oil or natural gas prices are headed. There is bound to be plenty of volatility and companies are likely to bleed. But if you think you have the stomach for the energy space, Tourmaline is indeed a favourite among the intermediate natural gas names.

CATEGORY

1. Energy Stocks
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TICKERS GLOBAL

1. TSX:TOU (Tourmaline Oil Corp.)

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