



## Does Whitecap Resources Inc. Belong on Top of Your Long-Term Buy List?

### Description

**Whitecap Resources Inc.** ([TSX:WCP](#)), one of the largest producers of crude oil and natural gas in Canada, announced fourth-quarter earnings results after the market closed on March 17, and its stock has responded by rising over 4% in the trading sessions since. Let's take a closer look at the quarterly results to determine if we should consider initiating long-term positions today, or if we should wait for a better entry point in the days ahead.

### Breaking down the strong fourth-quarter results

In the fourth quarter of fiscal 2014, Whitecap Resources reported a net profit of \$166.12 million, or \$0.65 per diluted share, compared to a net loss of \$1.47 million, or \$0.01 per diluted share, in the same quarter a year ago, as its petroleum and natural gas sales increased 62.5% to \$194.99 million. These very strong results can be attributed to the company's total production increasing 70.7% to a record 37,661 barrels of oil equivalents per day, which more than offset the negative impact of lower commodity prices.

Here's a quick breakdown of 12 other notable statistics and updates from the report compared to the year-ago period:

1. Production of crude oil increased 96.7% to 24,752 barrels per day
2. Production of natural gas liquids increased 38% to 2,979 barrels per day
3. Production of natural gas increased 35.7% to 59.58 million cubic feet per day
4. Average realized price of crude oil decreased 11% to \$72.45 per barrel
5. Average realized price of natural gas liquids decreased 36.3% to \$34.17 per barrel
6. Average realized price of natural gas increased 1.3% to \$3.77 per thousand cubic feet
7. Funds from operations increased 108.7% to \$139.09 million
8. Funds from operations increased 38.5% to \$0.54 per diluted share
9. Cash flow from operating activities increased 98.7% to \$157.54 million
10. Development capital expenditures increased 119% to \$48.14 million
11. Paid out dividends totaling \$47.53 million during the quarter, compared to dividends totaling \$26.85 million in the year-ago period

12. Net debt increased 99% to \$798.29 million

### Should you buy shares of Whitecap Resources today?

Even after the post-earnings pop in Whitecap's stock, I think it represents an attractive long-term investment opportunity, because it still trades at very low valuations and because it has a very high dividend yield.

First, Whitecap's stock trades at a mere 7.2 times fiscal 2014's diluted earnings per share of \$1.94, which is extremely inexpensive compared to its five-year average price-to-earnings multiple of 29.3.

Second, the company pays a monthly dividend of \$0.0625 per share, or \$0.75 annually, which gives its stock a 5.4% yield at current levels. I think this makes it qualify as both a value and dividend play today.

Foolish investors should take a closer look and consider establishing positions.

### CATEGORY

1. Dividend Stocks
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3. Investing

### POST TAG

1. Editor's Choice

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1. TSX:WCP (Whitecap Resources Inc.)

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