2 Energy Stocks With Some Serious Upside

Description

If you're looking for some excitement in your portfolio, you can consider these two energy companies which have pulled back to more attractive levels.

In fact, according to analysts, their shares have the potential to rise 24-50%! They also offer decent monthly dividends while you wait for their shares to appreciate.

Vermilion Energy Inc. (TSX:VET)(NYSE:VET) is an uncommon dividend energy stock because it managed to maintain its dividend through the oil downturn.

In fact, since 2003, Vermilion Energy has steadily increased its annual payout by 26% from $2.04 per share to $2.58 per share.

Other than its sustainable distribution, Vermilion Energy is also known for its international diversification. This year, the company estimates it'll produce 44% of oil, 52% of natural gas, and 4% of natural gas liquids.

Specifically, it expects its production diversification to be 28% Brent oil (18% from France, 9% from Australia, and 1% from Germany), 16% WTI oil (14% from Canada and 2% from the United States), 31% European gas (15% from Ireland, 11% from the Netherlands, 5% from Germany), and 21% Canadian gas.

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oil pump 16-9

Vermilion Energy enjoys higher European gas prices. Indeed, its European natural gas assets should continue to generate meaningful free cash flow.

In February, Vermilion Energy's director and officer ownership was meaningful at 5%.

More importantly, after the 14% pullback from its December high, the shares offer an attractive yield of nearly 5.3%.

The analyst consensus at **Reuters**, across 15 analysts, has a mean 12-month price target of $61, which implies an upside potential of about 24% from the recent trading price of about $49.20 per share.

Torc Oil And Gas Ltd. (TSX:TOG) is a light-oil producer with low-decline and high-netback assets and operations in southeast Saskatchewan and Alberta. It maintains a healthy balance sheet and is focused on per-share growth through organic development and strategic acquisitions.

Under the most conservative scenario in which the WTI oil price maintains at US$50, Torc expects to maintain a conservative payout of 87% after accounting for capital spending and dividends. If the WTI price rises to US$55, the payout ratio will quickly fall to 73%.

After a nice pullback of 20% from the beginning of the year, Torc's shares are more attractive. At roughly $6.80 per share, it offers a dividend yield of about 3.5%.

In fact, the analyst consensus at Reuters, across 14 analysts, has a mean 12-month price target of $10.30, which implies there's upside potential of about 50% from the recent trading price.

Investor takeaway

If you're bullish on oil and gas, consider Vermilion and Torc for potentially outsized capital gains, as they're more attractive after the recent pullbacks. They also offer a nice yield of 5.3% and 3.5%, respectively.

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