



## Value Investors: Check Out This Relatively Unheard of Oil & Gas Play

### Description

Investors looking for value often have to search high and low to find good value in today's market, which is filled with elevated valuation multiples and a lack of solid value plays. In the oil and gas sector, while many companies may be trading at discounts to historical averages, volatility in commodities prices have provided headwinds that have forced many value investors out. That said, a few interesting plays remain among some of the smaller oil and gas companies. I'm going to highlight **Enerplus Corp.** ([TSX:ERF](#))([NYSE:ERF](#)), a company with an excellent balance sheet, providing investors with solid value at current levels.

Like many Canadian oil and gas plays, Enerplus operates crude oil and natural gas properties across North America. It has been hit relatively hard in recent years as a result of declining oil prices. That said, over the past year, shares of Enerplus have increased more than 20%, as investors begin to reconsider positions in the Canadian oil and gas space, searching for value among the slough of companies that have seen valuations decline dramatically.

The key thesis I would like to reiterate with Enerplus is the relatively pristine nature of the company's balance sheet. Enerplus has done a good job of improving free cash flow and earnings in a lower-revenue environment, taking advantage of operational efficiency improvements which have put Enerplus in a league of its own in terms of valuation. On a price-to-earnings basis, Enerplus trades at a minuscule 3.1 times earnings and currently trades at just slightly above two times book value, making this company a very attractive option for fundamental investors to consider at these levels.

Enerplus is one Canadian company which should continue to benefit over the medium to long term from rising commodities prices, and with a debt load which is currently the company's lowest in five years, and approximating the company's earnings before interest, tax, depreciation, and amortization, the strength of Enerplus's balance sheet appears to finally be positively valued by the market.

### Bottom line

While it may be perhaps too early to predict the bottom in commodities prices, for those investors who are bullish on the future prospects of the oil and gas sector, Enerplus is an interesting small play in a

sector filled with a vast range of options. Balance sheet strength and fundamentals are key aspects every investor should consider with any company, and on that basis alone, I would recommend investors dig further with Enerplus as a potential holding.

Stay Foolish, my friends.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. TSX:ERF (Enerplus)

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