



3 Undervalued Energy Stocks Trading Below Book Values

Description

Even though oil prices have come down from recent highs, where West Texas Intermediate was trading over US\$65, the price of oil is still much higher than it was just a year ago. We've seen dips like this happen in the past, so it might be too early to have alarm bells going off just yet, especially with OPEC [extending supply cuts](#) through to the end of this year.

Unfortunately, the drop in the price of oil has brought the bears out, and many oil and gas stocks are trading below their book values. While there is no certainty that just because a stock is undervalued or trading below book value that it will recover, it can provide an investor with a lot of value for their money. Commodities in general are pretty risky because of their volatility, and one only needs to look at what uranium prices have done to **Cameco Corp.** as proof of that. **Teck Resources Ltd.**, meanwhile, has seen the opposite effect, as higher commodity prices have given the company a big boost.

In the oil and gas industry, we've yet to see enough of a recovery to get investors excited about the prospects for many energy stocks. However, as a result of the uncertainty in the industry, it has created a buying opportunity for investors to lock in stocks at significant discounts. Below are three stocks that are downright bargains to buy, especially if you are bullish long term on the price of oil.

Cenovus Energy Inc. ([TSX:CVE](#))([NYSE:CVE](#)) was able to stage a good rally the past few months after hitting [all-time lows](#) last year, but many of those gains have since been erased, as the share price finds itself again at under \$10. A poor Q3 saw the company go back into the red after some solid quarters, where the oil and gas stock was able to string together some positive results.

However, the stock trades at just 0.6 times its book value and a multiple of just three times its earnings. The share price has lost more than 30% of its value in just the past month, as investors have started to panic as oil prices have gone back on the decline.

While Cenovus might offer some risk for investors, especially since it is dependent on a volatile commodity, it has tremendous upside at its current price point and could earn you some very strong returns.

Baytex Energy Corp. ([TSX:BTE](#))(NYSE:BTE) is another stock that is trading at a big bargain. While the company has struggled to turn profits, two of the last three quarters have been in the black, and as long as oil prices don't decline further, we could continue to see that positive trend continue.

Baytex's stock has also seen a big decline in the past month with its share price plummeting more than 25%. This has resulted in the stock now trading at just 0.4 times its book value.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) is also down 24% in the past month, unsurprisingly. Crescent Point has also seen a mixed bag of results recently, as two of its last three quarters have been profitable, although in its most recent quarter, the company's net loss of \$270 million more than wiped out the profits that it posted in the two prior periods combined.

As a result, the stock is priced at just half of its book value.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:VRN (Veren)
3. TSX:BTE (Baytex Energy Corp.)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/08/21

Date Created

2018/02/14

Author

djagielski

default watermark