



## This Energy Company Has Massive Insider Buying

### Description

The price of oil is stabilizing thanks in large part to OPEC production cuts. Although demand is starting to catch up with oversupply, there is still a stigma attached to the Canadian oil & gas industry. At issue is the lack of pipeline export capacity and the number of policies at the federal and provincial level. As a result, the industry is home to some of the most undervalued companies on the TSX.

One such company is **Gran Tierra Energy Inc.** ([TSX:GTE](#)). Gran Tierra is engaged in oil & gas acquisition, exploration, development and production. Although listed on the TSX, the company focuses on onshore oil and gas properties in Colombia, and also owns rights to oil and gas properties in Brazil and Peru.

Gran Tierra is trading at a cheap forward price to earnings (P/E) ratio of 10.50 and at a reasonable price-to-book ratio of 1.16. Likewise, the company's P/E to growth (PEG) ratio is a minuscule 0.26 times. A PEG ratio under one signifies that the company's share price is not keeping up with its expected growth and can therefore be considered undervalued. Indeed, it's rare to see such a low PEG ratio.

As another sign of undervaluation, the company's enterprise value to earnings before interest, taxes, depreciation and amortization (EV/EBIDTA) is about half that of the industry average. Analysts also agree, rating the company a strong buy. They have an average price target of \$5.13 price, implying a 43% upside.

Perhaps most telling is that the company's insider activity also points to the company being significantly undervalued. The company has experienced massive insider buying, with 18 buys on the open market in March alone. Over the past seven days, insiders purchased just shy of 500,000 shares. Looking even further back, there has been only two insider sells as compared to dozens of buys, which indicate a bullish view on the stock.

Research has shown that insider trading trends signify emerging investor sentiment, and Gran Tierra's performance supports this notion. The company experienced significant insider buying activity in late November and early December. In December, the company's share price spiked and over the past six

months, the company's share price has posted a 30% return, far outpacing the industry and market.

### Ready for another leg up?

Year to date, the company has been consolidating and has remained relatively flat with a 2% gain. Outside of a few buys in January, insiders were relatively quiet in 2018. The company is undervalued, analysts' estimates point to significant gains and insiders are buying aggressively once again. Is the renewed insider activity a sign of another leg up? All signs certainly seem to point that way.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSEMKT:GTE (Gran Tierra Energy Inc.)
2. TSX:GTE (Gran Tierra Energy Inc.)

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