



## About to Buy Penny Stocks? Look at These 2 Companies 1st

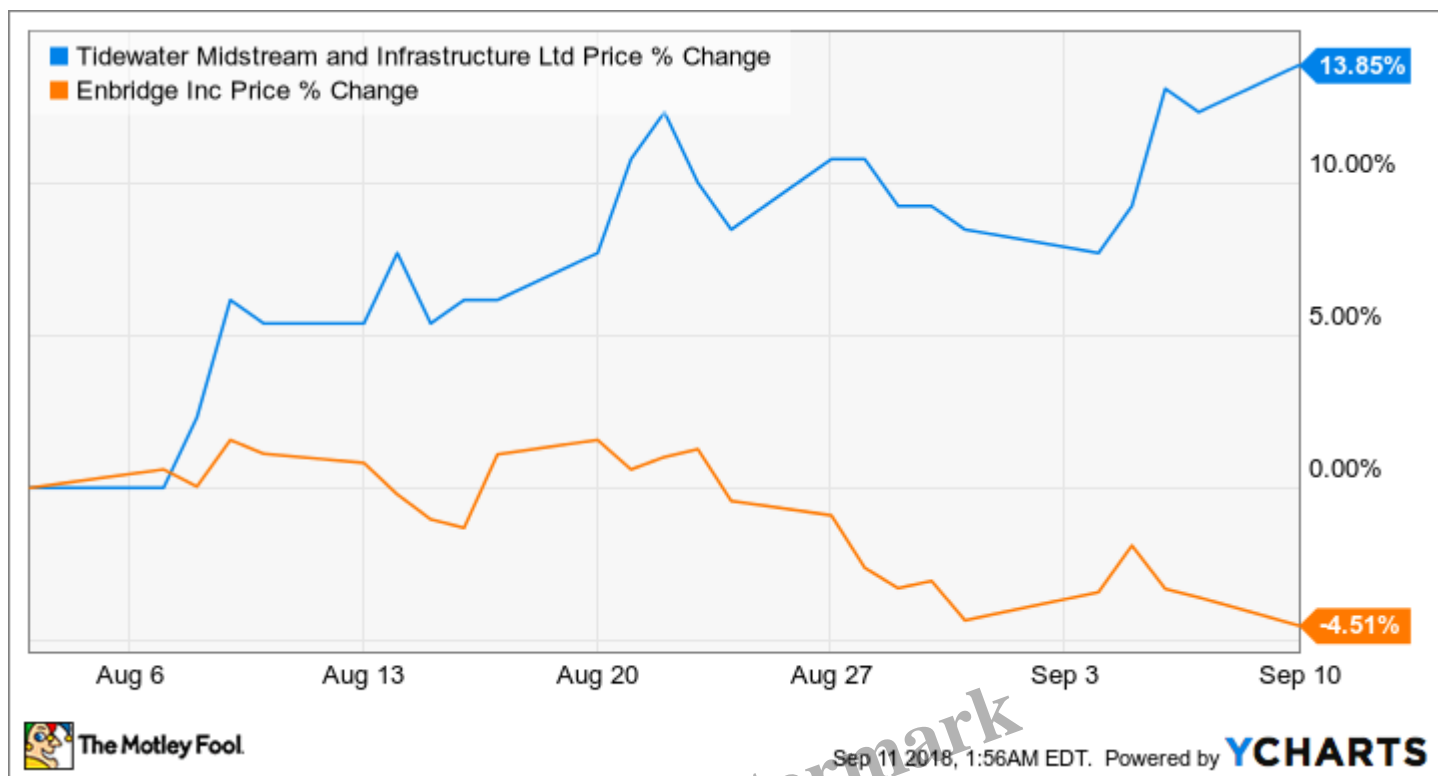
### Description

People are attracted to penny stocks for the potential life-changing wealth the stocks can bring. However, the chance of hitting the jackpot is low. Instead, there's a much greater chance that you'll lose your investment *entirely*.

Don't let your hard-earned dollars go down the drain. I urge you to look at these companies first.

**Tidewater Midstream & Infrastructure** ([TSX:TWM](#))

Since I began coverage of Tidewater [last month](#), the little stock is already beating **Enbridge** hand over fist.



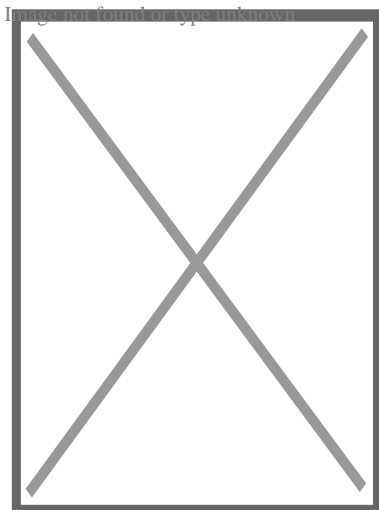
TWM data by YCharts.

A simple reason for Tidewater's outperformance is that it was a much cheaper stock than Enbridge at the time. Even after appreciating +13% in a short time frame, Tidewater is still very cheap.

At \$1.48 as of writing, the stock trades at a price-to-cash-flow multiple of about 6.7. It trades at a +30% discount across 13 analysts' mean 12-month target of \$2.18 per share. In other words, there's almost 50% of near-term upside potential on the stock.

Last month, management reiterated the target of delivering 20% annualized adjusted EBITDA per-share growth over the next 24 months. If achieved, there's a good chance that the roughly 50% upside will be attainable over the next one to two years.

What's more to like is that Tidewater offers a sustainable dividend yield of 2.7%, which can only add to shareholders' total returns.



## **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#))

Instead of buying penny stocks, which is purely speculative, you'll have a much better chance of double-digit returns from investing in Vermilion today.

The global mid-cap oil and gas producer strengthened its Canadian portfolio by making [a smart acquisition](#) for a quality business at a great price. With a diversified portfolio of high-netback businesses in Europe, North America, and Australia, there will be brighter days for Vermilion stock which is about 10% lower year to date.

**Thomson Reuters's** analyst consensus's 12-month target on Vermilion is 56.80 per share, which represents near-term upside potential of 39% from \$40.82 per share as of writing.

Vermilion offers one of the safest dividends from the oil patch, as it has maintained or increased it on a per-share basis since 2003. Its eye-popping monthly dividend equates a yield of 6.76%. Combining Vermilion's upside potential with its juicy dividend yield, the stock can deliver near-term total returns of nearly 46%!

### **Investor takeaway**

Speculative investing in penny stocks can cost you a fortune. Invest in Tidewater or Vermilion for a much better chance of lucrative returns over the next 12-24 months. While you wait for the stocks to appreciate, you can earn nice income from their safe dividends.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:VET (Vermilion Energy)
2. TSX:TWM (Tidewater Midstream and Infrastructure Ltd.)

3. TSX:VET (Vermilion Energy Inc.)

## **PARTNER-FEEDS**

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

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