



## Double Your Money With These Energy Stocks

### Description

Energy stocks have been beaten to a pulp. **Crescent Point Energy** stock is down 58% for the year. **Vermilion Energy** stock is down 38%. **Tourmaline Oil** stock is down 26%. **Enbridge** stock is down 15%.

You get the idea.

Therein lie opportunities to double your money. Specifically, you can potentially double your money with [TORC Oil and Gas](#) (TSX:TOG) and **Birchcliff Energy** ([TSX:BIR](#)) from current levels.

### Double your money with TORC Oil and Gas

TORC has about 88% of its production mix in light oil and liquids and 12% in natural gas. Its recent net margin was 7.2%. So, it's profitable and generates lots of cash flow. In the last four reported quarters, TORC generated about \$276 million of operating cash flow.

TORC is estimated to generate about \$1.46 per share of operating cash flow this year, which would imply a payout ratio of about 18%. At \$4.39 per share as of writing, TORC offers a 6% yield and trades at only about three times operating cash flow, which is cheap — it normally trades at about 7.8 times cash flow. So, an investment today can double under normal market conditions.

**Thomson Reuters** has a 12-month mean target of \$9.01 per share on TORC, which implies the stock can more than double by appreciating 105% in the near term.

TORC plans to spend \$180 million in 2019 to maintain its 2018 exit production levels. So, it aims to produce about 28,000 barrels of oil equivalent per day for 2019. This spending level aligns with the company's goal to maintain a healthy balance sheet and its dividend.



## Double your money with Birchcliff Energy

[Birchcliff](#) is a well-managed oil and gas producer. About 80% of its production mix is natural gas. Its recent net margin was 9.5%. Furthermore, it generates lots of cash flow. In the last four reported quarters, Birchcliff generated about \$321 million of operating cash flow and roughly \$21 million of free cash flow.

Birchcliff is estimated to generate about \$1.19 per share of operating cash flow this year, which would imply a payout ratio of less than 9%. Moreover, at \$2.77 per share, Birchcliff offers a 3.6% yield and trades at only about 2.3 times cash flow, which is ridiculously cheap — it normally trades at eight times cash flow. So, it can be more than a three-bagger under normal market conditions.

Reuters has a 12-month mean target of \$6.37 per share on Birchcliff, which implies the stock can more than double, or appreciate almost 130% in the near term.

Although all the above is positive, you might want to be patient with your entry point for Birchcliff, because natural gas-weighted producers are supposed to be seasonally strong in the winter. As you've seen, Birchcliff stock (and other natural gas-weighted producers) haven't been seasonally strong. In fact, Birchcliff stock fell 39% in the past three months.

Either you've got to be patient and wait for the stock to bottom or be prudent and average in to the stock over time. The longer your investment horizon is, the better the chance you will double or even triple your Birchcliff investment.

## Investor takeaway

TORC and Birchcliff are above-average volatile stocks. They react to news with regards to the changes in the domestic and global supply and demand for oil and gas. So, they're stocks to be traded for active investors. For longer-term investors, there's a bigger chance that you'll double or triple your investments over a three- to five-year period.

### CATEGORY

1. Dividend Stocks
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## TICKERS GLOBAL

1. TSX:BIR (Birchcliff Energy Ltd.)

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