



These 3 Oil and Gas Stocks Are on Sale Today With Massive Upside Tomorrow

Description

The [oil and gas sector](#) is in turmoil.

And investors are not alone in footing the bill of this turmoil, with many oil and gas stocks plummeting to new lows.

But we have a silver lining that patient investors can benefit from if they stick to investing based on [long-term fundamentals](#) as opposed to short-term fundamentals and noise.

Here I will discuss three oil and gas stocks that are solid options for investors looking to get into this sector now and take advantage of attractive stock prices that are on sale today.

These are quality stocks that have long track records, good management teams, and strong upside potential.

Enerplus ([TSX:ERF](#))([NYSE:ERF](#))

Enerplus's top-notch balance sheet, operating performance, and cash flow growth profile set it apart from its peers.

In 2017, operating cash flow increased 72%, and so far in 2018 operating cash flow has increased 40% to \$329 million. In the company's most recent formula, the company's realized oil price was \$83.98 per barrel in the quarter, reflecting its quality.

The company's capital plans, which are fully funded, are expected to result in strong production and cash flow growth over the next few years, and management believes, as I do, that this is not reflected in its stock price.

While the dividend yield is low at 1%, this dividend is extremely well covered by cash flows.

Nuvista Energy ([TSX:NVA](#))

Nuvista has gotten killed year to date, losing half of its value, and with a 60% natural gas weighting, we can easily see why.

And while Nuvista is certainly a contrarian's stock in an industry that is at cyclical lows, it is trading at value prices and has massive upside when the cycle turns.

Fundamentally, the company is on a roll, and its exposure to the very prolific Montney resource play is expected to continue to drive strong results and pay off in the next few years. We can expect strong production growth of almost 20% this year, and the company is achieving a more than 30% growth in cash flow per share.

With its flexible balance sheet that has a reasonable level of debt (20% debt-to-total-capitalization ratio), the company is able to continue growing its production well into the future.

Badger Daylighting (TSX:BAD)

Badger stock has risen 25% in the last year — a very good performance relative to the market, which has fallen more than 10%, and certainly much better than most stocks.

And while Badger is not exactly an “oil and gas” stock, it has enough of its revenues coming from the oil and gas sector that it trades in strong correlation with it.

In the first nine months of 2018, revenue increased 20%, adjusted EBITDA increased 25%, and cash flow from operations increased by 27%.

Badger has enjoyed a 15.5% 10-year compound annual revenue growth rate, EBITDA margins of between 25% and 30%, and continues to benefit from a solid balance sheet, thus giving it the flexibility to continue to grow organically and via acquisitions.

Trading at 18 times this year's earnings, this stock is a steal.

CATEGORY

1. Energy Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:ERF (Enerplus)
4. TSX:NVA (NuVista Energy Ltd.)

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