



## 2 Stocks to Buy Before the Next Market Crash

### Description

Energy stocks have the largest representation in the TSX 60 ahead of the financials and materials stocks. There are 13 stocks out of the total 60 that belongs to the energy sector. The sector is considered as one of the primary drivers of the Canadian economy.

Hence, many investors are taking positions in **AltaGas** ([TSX:ALA](#)) or **Encana** (TSX:ECA)(NYSE:ECA) for [price appreciation](#) and [generous dividends](#). The stocks are lumped together in the oil and gas industry but with strong influences in separate segments.

### The drawing powers

AltaGas is a diversified energy infrastructure company and a major player in North America's midstream industry. The sources of revenue are in gas, power, and utilities. As of this writing, AltaGas is trading at \$17.93 and has gained in each of the last four trading sessions. The latest dividend yield stood at 5.5%.

Encana is a leading E&P company in North America. The company is into exploration, development, and production of oil, natural gas liquids (NGLs), natural gas, and other related activities in Canada and the U.S.

Since 2013, Encana has successfully produced a balanced commodity mix of its natural gas portfolio. After the last quarter's downturn, Encana is gaining strength, too. With a high-margin business, cash flow and production are seen to increase by 300% and 60%, respectively, over the next five years.

### The CEOs' sales pitch

According to AltaGas president and CEO Randy Crawford, 2018 was a transformational year. The company achieved a normalized EBITDA of \$394 million in the fourth quarter and \$1 billion for the full year. That is a 27% year-over-year growth rate.

In 2019, AltaGas will raise \$3 billion from the sale of company assets and internally generated funds to reduce debt. The company will exploit opportunities to grow its midstream footprint, enhance service offering, and connect producers to new markets, including Asia.

But the springboard to financial strength is the Ridley Island Propane Export Terminal (RIPET). RIPET is the first propane export facility off the west coast of Canada. The facility is expected to come into service in 2019, along with other growth capital projects.

Encana president & CEO Doug Suttles said the company delivered another strong performance in 2018 because of the business model. The net earnings for 2018 hit \$1.07 billion, while cash from operating activities was \$2.3 billion. The company ended 2018 with more than \$5 billion in its coffers.

Suttles said, "Our results demonstrate the strength of our portfolio and the ability of our people to continually innovate to drive industry-leading performance in all areas where we operate."

## Common strengths

Clearly, AltaGas and Encana share three things in common — strong cash flow growth, stable businesses, and high dividend yields. The choice boils down to your understanding of the energy sector and the nature of the business. You can take a position in either an E&P ringleader or a midstream powerhouse to double your earnings.

### CATEGORY

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