3 Slick Oil Stocks You've Probably Never Heard Of

Description

It isn't often that one comes across a healthy, overlooked ticker on the TSX, especially not one that shows high growth and decent valuation. Now and then a "new" stock may appear among the many lists of top TSX-listed companies, fully formed and with exactly the right mix of stats for your mid- or long-term portfolio. However, today three such stocks from the outer edges of the energy sector have leapt out of the so-called slush pile, and they're showing a lot of promise.

These three oil stocks are on fire

Involved with instrumentation and data management systems for drilling rigs, **Pason Systems** (TSX:PSI) is the first one up, and makes for an interesting tech stock operating in the energy space. It's also a debt-free dividend payer with a 23% expected ROE in three years, thereby signifying an improving stock that's a potentially good fit for a TFSA or other long-term investment plan.

Pason Systems stock jumped in December, and has very seldom strayed lower than the $20 mark ever since. With one-year past earnings growth putting it in the black by 149.9% and some three-month inside buying, passive income investors with their eyes on the dividend yield prize of 3.56% might have to look past overvaluation (see a P/E of 27.5 times earnings and P/B of 4.5 times book), as well as a mediocre outlook (as shown by a 6.8% expected annual growth in earnings).

Next we have energy services operator, **Enerflex** (TSX:EFX), a purveyor of processing and refrigeration systems as well as power generation goods. Its track record may be on the underwhelming end of the spectrum (see one- and five-year past earnings growth rates of 3.5% and 0.8%. respectively), though with a debt level in the safety zone and a 47% discount, it's a compelling choice.

From two piping-hot stocks, to one hot piping stock

If you're looking for an petrochemical energy industry stock that's not directly involved with oil and gas production, a pipe services ticker like **Shawcor** (TSX:SCL) might fit the bill. Up 5.62% in the last five days, it's popular right now, and although it has a negative one- and five-year past earnings growth rates, the company's below-threshold debt at 26.1% of net worth and market-beating P/B of 1.4 times book make it worth a look.

Compare that market fundamental with Enerflex's P/E of 16.9 times earnings and P/B of 1.3 times book and a pattern starts to emerge of decent valuation within the satellite players in the energy industry. However, Enerflex's dividend yield of 2.18% and 10.3% expected annual growth in earnings come up short next to Shawcor's yield of 2.75% and much higher 72.1% expected annual growth in earnings.

The bottom line

Pason Systems could be a surprise addition to a TFSA, RRSP, or RRIF, bringing passive income and a certain amount of stability to a long-term portfolio. The fact that it can do double lifting in a portfolio as both an energy and tech play is also compelling. Shawcor's P/E of 59 times earnings might make would-be investors reconsider Enerflex's lower multiples, though the former stock seems the stronger play for energy-related dividends on the TSX index.

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TICKERS GLOBAL

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2. TSX:MATR (Shawcor)
3. TSX:PSI (Pason Systems Inc.)

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