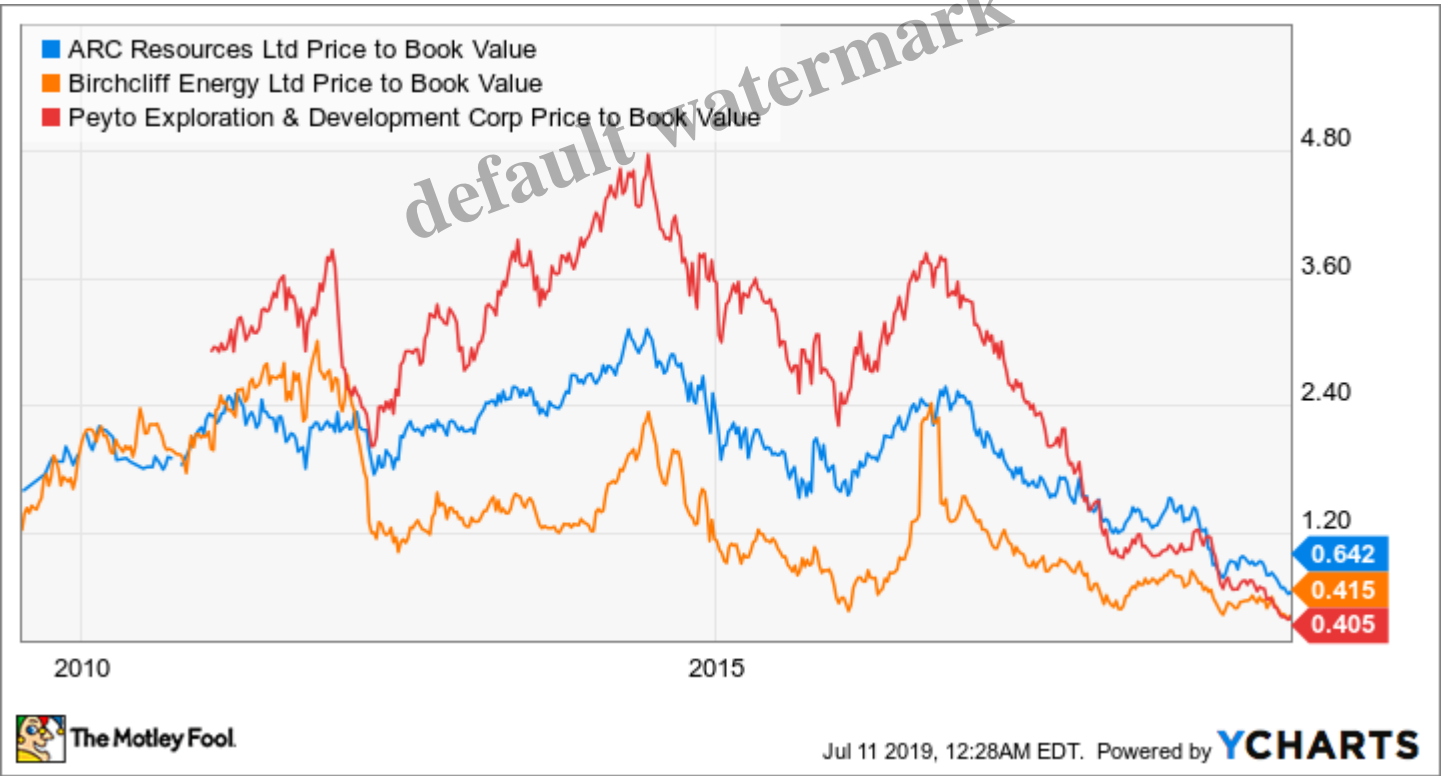




Which Stock Is the Ticket to Double Your Money?

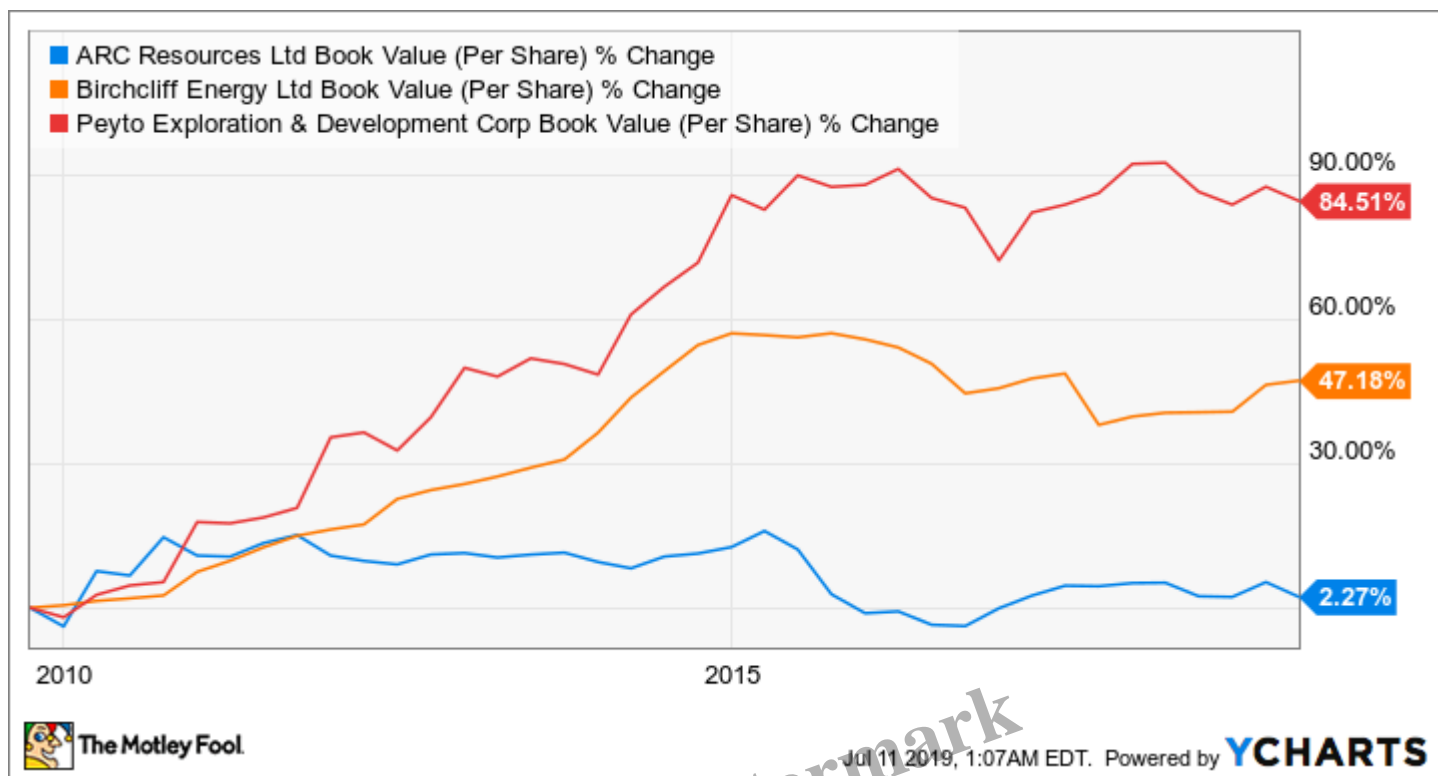
Description

Natural gas stocks have been beaten to a pulp and are trading at multi-year low valuations.



ARX Price to Book Value data by [YCharts](#)

In the same period, their book value per share has remained stabled or improved.



ARX Book Value (Per Share) data by YCharts

Let's review the gas-weighted oil and gas producers to see which one has the best chance of doubling your money.

ARC Resources

The production mix of **ARC Resources** ([TSX:ARX](#)) is estimated to be about 74% this year. Its operating cash flow had a compound annual growth rate (CAGR) of 7.8% over the past three years. In the period, the oil and gas producer reinvested nearly all of the cash flow back into the business and paid out dividends that were 13.9 times the free cash flow.

In the trailing 12 months, ARC Resources generated \$791.5 million of operating cash flow and \$113.4 million of free cash flow and paid out \$212.3 million of dividends. So, there's a chance that it can cut its dividend, which sits at a yield of 9.2%.

Its cash-flow-to-debt ratio is about 0.85. So, technically, the company can pay off the debt in a little more than a year if it wanted to.

In the last quarter, ARC Resources's debt-to-equity and debt-to-asset ratios were 0.67 and 0.40, respectively.

Analysts have a 12-month target of \$12.80 per share on ARX stock, which represents the potential to nearly double your money from \$6.48 per share as of writing.



Birchcliff Energy

The production mix of **Birchcliff Energy** ([TSX:BIR](#)) is estimated to be about 78% in 2019. Its operating cash flow had a CAGR of 29.7% over the past three years.

In the period, the company's capital spending was nearly double that of the operating cash flow it generated. In the period, Birchcliff increased its share count by about 75% to raise the extra capital needed.

In the trailing 12 months, Birchcliff generated \$327.3 million of operating cash flow and \$29.1 million of free cash flow and paid out \$34.6 million of dividends. Currently, Birchcliff offers a yield of about 3.8%.

Its cash-flow-to-debt ratio is about 0.48. Therefore, the company can technically pay off the debt in about two years.

In the last quarter, Birchcliff's debt-to-equity and debt-to-asset ratios were 0.62 and 0.38, respectively.

Analysts have a 12-month target of \$5.63 per share on BIR stock, which represents a potential to more than double your money from \$2.72 per share as of writing.

Peyto

The production mix of **Peyto Exploration & Development** ([TSX:PEY](#)) is estimated to be about 87% this year. Its operating cash flow had a CAGR of -2.8% over the past three years.

In the period, the gas-weighted producer reinvested about 90% of the cash flow back into the business and paid out dividends that were 3.7 times the free cash flow.

In the trailing 12 months, Peyto generated nearly \$434 million of operating cash flow and \$167.8 million of free cash flow and paid out \$105.6 million of dividends. So, its yield of 5.9% should be sustainable.

Its cash-flow-to-debt ratio is about 0.36. So, the company can technically pay off the debt in about three years should it choose to do so.

In the last quarter, Peyto's debt-to-equity and debt-to-asset ratios were 1.2 and 0.55, respectively.

Analysts have a 12-month target of \$7.62 per share on Peyto stock, which represents near-term upside potential of about 88% from \$4.06 per share as of writing.

Foolish takeaway

Of the three gas-weighted producers, Birchcliff appears to be the least leveraged, while Peyto is the most leveraged. While the stocks of both Arc Resources and Birchcliff have [a good chance of substantial near-term upside](#), Birchcliff has better [coverage for its dividend](#). So, Birchcliff could be the ticket to double your money.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:BIR (Birchcliff Energy Ltd.)
3. TSX:PEY (Peyto Exploration & Development Corp)

PARTNER-FEEDS

1. Msn
2. Newscred
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