



## TFSA Users: This Exciting Stock Just Hit a Flashing Buy Signal

### Description

TFSA users should take note of the buying signals analysts are flashing on **Tourmaline** ([TSX:TOU](#)). Based on forecasts, the stock price could potentially climb by 134.6% to \$27.50 in the next 12 months. If you factor in the 3.82% dividend, [your TFSA balance could swell](#) in an instant.

The stock is down 29.5% year to date, but the bullish sentiment remains because Tourmaline is a very well-run company. Although the company is the second-largest natural gas producer in Canada, it is transitioning from dry natural gas into more liquids. You can expect higher cash flows from the liquids business soon.

### Focus on long-term growth

Ever since the active operations of Tourmaline began in 2008, the objective was to build a successful Canadian senior crude oil and natural gas exploration, development, and production company. Today, Tourmaline has become one with a focus on long-term growth.

Tourmaline has three core long-term growth areas: the Alberta Deep Basin, the Northeast British Columbia Montney complex, and the Peace River Triassic Oil complex. The company is executing a large-scale, repeatable capital exploration and development program in these long-term growth areas.

At the onset, the long-term business strategy is to increase shareholder value by building an extensive asset base over the three core exploration and production areas. By exploiting and developing them, the reserves, production, and cash flows would increase to deliver an attractive return on invested capital.

According to management, the competitive advantages of Tourmaline lie in the extensive undeveloped land position in two long-term growth areas and the large, multi-year drilling inventory. These advantages would propel Tourmaline to becoming Canada's largest natural gas producer.

Since 2010, Tourmaline has systematically built the company-owned and -operated infrastructure in all three core complexes. Because of the efficiency of state-of-the-art infrastructure, operating costs are

very low. Today, the company has 18 operated gas plants that are emission and environmentally compliant.

## Company performance

As of the six months ended June 30, 2019, the revenue of Tourmaline grew by 2.77% to \$917.3 million versus the same period last year. Net income increased by 55.85% to \$242.5 million.

In terms of production growth, the average annual production has increased from 242,325 barrels of oil equivalent per day (boe/d) in 2017 to 265,044 boe/d in 2018 and 286,955 boe/d in the first six months of 2019. Management attributes the growth to exploration and development activities.

On the cash flow side, Tourmaline's 2019 cash flow forecast is \$1,354.2 million. In 2018, it was \$1,303.5 million and \$1,205.8 million in 2017.

## EPS growth

Shareholders are happy to see that Tourmaline has been growing its earnings per share (EPS) at 17% a year over the past five years. With EPS growing at a solid clip and the payout ratio at only 23.33%, dividend growth is inevitable in the coming years.

With the impressive Q2 2019 earnings and a greater focus on free cash flow generation, Tourmaline is displaying exceptional fundamentals. TESA investors should buy or keep a close watch on the stock. Tourmaline might be the next [trophy stock](#).

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. TSX:TOU (Tourmaline Oil Corp.)

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