



## Why This Energy Stock Is a Stock to Buy in 2020

### Description

Who wants to start off 2020 with some good investment decisions right off the bat? Everyone reading this article surely does, because this is why you've clicked on this page. You may be reeling from some investment decisions gone wrong in 2019, or you may simply be looking for the stocks that will be the winners in 2020. Continue reading to learn why **Pason Systems** ([TSX:PSI](#)) is an energy stock to buy for a prosperous 2020.

Along with marijuana stocks, energy stocks have been among the big losers of 2019, setting them up to be the best stocks to buy in 2020. The marijuana bubble burst is still not over, and the industry and its constituents are still reeling from the fallout. This is a new industry that will probably take some time to get their businesses profitable on a sustainable basis, with many risks still very apparent.

Energy stocks, on the contrary, are operating in established businesses, with many of the larger names cranking out significant cash flows and earnings. In this article, I'll tell you why Pason Systems is an energy stock to buy for a prosperous 2020. It does require a contrarian investing attitude, but [a lot of the best stock selections are contrarian ones](#), so read on to see why Pason meets the criteria for 2020.

## The Canadian oil and gas industry finally has hope

Recent happenings with regard to market access problems in the Canadian oil and gas industry are positive, and so there are definite signs of hope. Crude-by-rail shipments have soared, Alberta has lifted curtailments on production from new wells, and there is hope that production curtailments will continue to fall, if not be eliminated in 2020.

Additionally, Trans Mountain is making preparations to put its first pieces of pipe in the ground in Alberta as well as between Edmonton and Vancouver. The CEO also expects that they will start putting pipelines in the ground in British Columbia in the spring.

## Pason Systems is an energy stock of the future

As a leading global provider of specialized data management services for drilling rigs, Pason Systems has been an essential element of oil and gas operations, improving efficiencies, detecting problems, and providing a clearer picture of oilfields. The company has effectively contributed in reducing costs and the risks inherent in oil and gas drilling, making it easy to see how its products and services go hand in hand with any drilling operation.

The third quarter of 2019 was a difficult one for Pason. With drilling in a free fall, cash flow from operations fell big along with revenue and earnings. In this time of weakness, Pason has adjusted its capital spending, so it can remain free cash flow positive and financially sound until the cycle turns.

Longer term, Pason is also working on positioning itself for the future of the energy industry, with increasing investment in the renewable energy sector. Pason bought a majority interest in a U.S.-based software company that provides software for solar and energy storage projects. This positions the company to participate in the solar energy industry and also diversifies its risk, as the long-term future of the oil and gas industry is more uncertain.

## Foolish bottom line

[The stocks to buy in 2020](#) will be those that have been plagued with bad news in 2019 and are therefore trading at extremely depressed valuations, such as energy stocks. I know that it's difficult to buy into this thesis when all we've heard from the energy sector is bad news, but with high-quality companies like Pason Systems, providing its shareholders with a dividend yield of 5.87% and trading at record low levels, there is a lot of value for long-term investors. Buying when everyone else is selling is usually a good money-making strategy, and with the energy industry seeing glimmers of hope, it looks like 2020 may finally be the time to be the contrarian investor and buy quality energy stocks.

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