



## 2 Insanely Cheap Energy Stocks to Buy Now

### Description

Canadian oil stocks have gone nowhere for most of the past decade. The energy sector has been underperforming, with the **S&P/TSX Capped Energy Index** only returning 9.75% last year, including dividends. In contrast, the TSX had a return of 19% in 2019.

Just when it looked like oil prices were ready to go higher, the waning threat of war and the arrival of the coronavirus made energy stocks experience their worst start to the year since 2016. But those are temporary events that will pass.

This is a good time to consider buying energy stocks, as many of them are [very cheap](#). **Baytex Energy** ([TSX:BTE](#))([NYSE:BTE](#)) and **Precision Drilling** ([TSX:PD](#))([NYSE:PDS](#)) look particularly undervalued. Let's look at each of these energy stocks more closely.

### Baytex Energy

Baytex Energy is a Calgary-based oil and gas company founded in 1993. The company offers light oil, natural gas liquids, shale and natural gas, heavy crude oil, bitumen, and heavy oil. Its main oil and gas properties include the Eagle Ford property in Texas, the Viking and Lloydminster properties in Alberta and Saskatchewan, and the Peace River and Duvernay properties in Alberta.

Baytex had a solid operational performance across its entire [asset base](#) during its third quarter. It continued to generate cost and capital savings, stable production, and significant free cash flow. The oil and gas company expects to exceed its annual production forecasts for 2019 by 97,000 boe/d with exploration and development capital expenditures of approximately \$560 million.

Baytex recently refinanced its debt in 2021/2022 until 2027, thus offering a great deal of flexibility and allaying market fears about the company's exposure to a temporarily low oil price (despite a hedging position of 50% in 2020 at \$76). Baytex gives priority to debt repayment this year (\$200 million in free cash flow) while slowly delimiting its East Shale Duvernay.

Baytex shares have plunged by about 40% over one year. Its 52-week high of \$3.13 was set last April. The stock is very cheap relative to the company's future earnings growth, with a five-year PEG of only 0.13.

## Precision Drilling

Precision Drilling is a Calgary-based oil services company founded in 1951. It provides oil and gas drilling and related products and services. The company has two segments: contract drilling services and completion and production services.

The Calgary-based driller shares jumped by more than 10% on the TSX on February 13 after it reported fourth-quarter revenue and earnings that beat expectations.

Precision Drilling had a net loss of \$1.06 million for a revenue of \$372 million in the three months ended December 31 compared with a net loss of \$198 million (mainly due to a goodwill write-down) and a revenue of \$427 million in the same quarter of 2018.

Those results beat analyst estimates, who expected a net loss of \$16.6 million on a revenue of \$357 million.

The company's 13% decline in revenue in the fourth quarter was due to lower oil and gas drilling activity in both Canada and the United States, offset by higher activity in its international operations.

Shares are down by about 50% over one year. Its 52-week high of \$4.06 was set last April. Precision Drilling is cheap with a five-year PEG of only 0.33.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PDS (Precision Drilling Corporation)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:PD (Precision Drilling Corporation)

### PARTNER-FEEDS

1. Business Insider
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**Date**

2025/08/14

**Date Created**

2020/02/29

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