



1 Little-Known Energy Stock With Big Upside to Buy Right Now

Description

Energy stocks have proven themselves to be excellent value picks this past year. Of course, most companies in the energy sector are far from [growth stocks](#). It's expected that oil demand will surge following the pandemic. However, renewable energy is expected to make up an increasing proportion of all energy generation moving into the future.

Accordingly, many energy stocks may be viewed today as solid rebound plays, albeit with little long-term growth potential.

That said, I think some relatively little-known energy plays could provide greater upside over the near, medium, and long term. One such [energy stock](#) I have my eye on right now is **International Petroleum** ([TSX:IPCO](#)).

Here's why.

What is this energy stock all about?

International Petroleum is a spin-off oil and gas company from **Lundin Petroleum AB**. This Canada-based energy firm deals with exploration and production of oil, natural gas, and natural gas liquids. Established in 2017, it comes with assets in Malaysia, France, and Netherlands. The company's gas production takes place primarily in the oil and gas facilities of the Netherlands.

International Petroleum shares have seen a massive triple-digit jump year over year. Over the past quarter, shares are also up substantially. This comes despite shrinking revenue this past quarter, contrary to a rather strong outlook for the energy sector broadly. IPCO is approaching break even right now and is likely to be profitable moving forward. Indeed, investors appear to be pricing in some strong earnings over the medium term.

International Petroleum is a company with high leverage to energy prices — something investors bullish on energy stocks are viewing as a positive right now.

Strong earnings potential boosting IPCO stock

Analysts and trade experts believe there is more for International Petroleum to achieve in the near future. Gavin Wylie, an analyst from **Scotiabank**, has upgraded the company from “sector perform” to “sector outperform,” owing to its impressive financial results.

Many expect to see substantially higher cash flows with International Petroleum from here. These higher cash flows should provide for further debt repayment, increased dividends, buybacks, and the potential for acquisitions. Given the bullish outlook for energy stocks, IPCO is a company in an enviable position right now.

The company’s debt-adjusted free cash flow yield is estimated to be around 28% for this year and 31% for next year. That’s high. Compared to many of the company’s peers, International Petroleum is a stock with tremendous fundamentals right now. Accordingly, it’s easy to see why target price increases are materializing for this company right now.

Bottom line

International Petroleum is a company I’ve got on my watch list right now. This is a company with some impressive cash flow prospects. Accordingly, I expect to see IPCO expand its operations through mergers and acquisitions in the medium term.

For now, investors seeking a high-leverage energy play have a good one in International Petroleum. This is a stock I’d recommend investors consider researching at these levels.

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Date

2025/08/12

Date Created

2021/07/23

Author

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