# 2 Canadian Energy Stocks That Could Mount a Comeback

## Description

Energy stocks were whipping boys in 2020 due to the oil price slump and the global pandemic. Many companies, however, had an explosive start to 2021. The sector hasn't relinquished the top spot since January.



As of September 17, 2021, the energy sector outperforms all ten primary sectors with its 43.07% year-to-date (YTD) gain. In the last 30 days, the sector advanced 11.64%, with the tech sector a far-distant second with +6.73%. Two Canadian energy stocks are exciting picks for growth investors. Both have plenty of room to mount spectacular comebacks.

## Enhanced ability to drive shareholder value

Recently, **Cenovus Energy** (TSX:CVE)(NYSE:CVE) has been among the heavily traded stocks. The $22.25 billion integrated oil and natural gas company looks forward to a better year following its acquisition of Husky Energy in January 2021. On March 18, 2020, the share price bottomed to $2.26, and investors lost 40.4% overall in 2020.

Today, the energy stock trades 388.1% higher than its COVID-19 low. At $11.03 per share, the trailing one-year price return is 92.16%. Current Cenovus investors enjoy a 42.99% YTD gain on top of a modest 0.62% dividend. Market analysts recommend a strong buy rating and forecast a potential upside of 45.8% to $16.08 in the next 12 months.

Because of the business combination with Husky, Cenovus is now Canada's third-largest oil and natural gas producer. Likewise, the company is the country's second-largest refiner and upgrader. Management strongly believes the diverse portfolio would deliver stable cash flow through price cycles.

In Q2 2021, Cenovus reported 221.5% revenues growth versus Q2 2020. From a $2 billion net loss, the company posted $444 million in net earnings. Despite the positive direction of energy markets, management remains cautious about uncertainties due to the pandemic. The immediate goal is to achieve $600 million of the estimated capital allocation synergies in 2021.

## Volume leader

Last year was also forgettable for **Birchcliff Energy** (TSX:BIR) investors. The energy stock fell into the abyss, dropping to $0.63 per share on March 18, 2020. Its total loss for the year was 28.7%. As of September 17, 2021, you can purchase the stock at $6.39 per share. The trailing one-year price return and YTD gain are 273.86% and 263.1%, respectively.

Had you invested $10,000 in Birchcliff Energy on December 31, 2020, your money would be worth $36,306.82 today. Like Cenovus, market analysts are bullish on the resurging energy stock and recommend a strong buy rating. The $1.7 billion intermediate oil and gas company pays a modest 0.30% dividend.

Birchcliff is the second to **Inter Pipeline** as volume leader on the **TSX**. The energy stock is back on investors' radars following an impressive quarterly result. In Q2 2021, management reported $43.9 million in net income compared to the $39.5 million net loss in Q2 2020. Notably, cash flow from operating activities grew 513% to $81 million.

Jeff Tonken, Birchcliff's President and CEO, is confident it will be a very strong second half in 2021. "Birchcliff does not have any fixed price commodity hedges which allow all of our production to benefit from strong oil and natural gas prices." He adds that management has no intentions of entering into any fixed-price commodity.



## Monumental comebacks

Cenovus Energy and Birchcliff Energy are the top Canadian energy stocks to buy. Both are primed for monumental comebacks in 2021 and beyond.

**CATEGORY**

1. Energy Stocks
2. Investing

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2. TSX:BIR (Birchcliff Energy Ltd.)
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