2 Popular Energy Stocks That Are Top Buys for 2022

Description

The oil industry has always been a victim of high volatility as it is a cyclical sector. However, after the disastrous market crash last year, the energy sector is finally seeing better fortunes as oil prices have started recovering. You can thus take a look at two energy stocks flying under the radar that also hold the potential to outpace the broader markets.

Athabasca Oil

Athabasca Oil (TSX:ATH) explores, develops, and produces light oil and thermal oil assets. As soon as economic recovery began and oil prices started to gain momentum, this small-cap stock valued at a market cap of $456 million managed to gain over 500% in the last year. In 2021, the stock has surged by 321%.

Further, the company's balance sheet position has also improved largely. In the second quarter of 2021, Athabasca Oil reported a six-month net loss of $31.42 million, which was significantly lower than the net loss of $581.82 million recorded during the same period of last year. Also, its cash from operations improved to $37.32 million, compared to an outflow of $34.2 million in the year-ago period.

Athabasca Oil has a significant land base in the Western Canadian Sedimentary Basin region in Alberta where high-quality resources can be found. Moreover, last month it entered into several transactions that enhanced its liquidity position by over $100 million. Given such increased liquid finances, the company can now potentially acquire strategic assets or enter into partnerships with other established industry players going forward.

Crescent Point Energy

Crescent Point Energy (TSX:CPG)(NYSE:CPG) is Canada's 12th largest oil and gas producer and is engaged in the exploration, development, and production of crude oil and natural gas reserves in the region of Western Canada and the U.S. After losing value consistently over the years, the company has lately started improving its core strengths and production outlook. Crescent Point shares have almost doubled in 2021 and more than tripled in the last 12 months.

Notably, in the second quarter of this year, the company had largely reduced its net debt load. Also, its adjusted funds flow from operations for the quarter stood at $387 million, or $0.66 per share up from $109 million or $0.21 per share recorded during the same period of last year. Moreover, it also went on to hike its dividend payouts by almost 12 times, which indicates its management is confident that the company's revenues and cash flows are going to remain stable enough in the coming years as well.

It ended Q2 with net debt of $2.32 billion, which includes the cash consideration on its acquisition and disposition activities as well as the $273.1 million of excess cash flow derived in this period. Crescent Point is focused on enhancing its free cash flow generation and strengthen its financials in the second half of 2021 given the current commodity price environment.

The company has revised its annual production guidance upwards to 130,000 to 140,000 boe/d, up from its earlier forecasts of between 128,000 to 132,000 boe/d. After paying dividends to investors, Crescent Point forecasts operating cash flow between $625 million and $875 million in 2022.

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