



2 TSX Stocks That Just Hit 52-Week Highs

Description

The equity markets have continued to deliver double-digit returns to investors in the first nine months of 2021. The rally was primarily driven by companies that are part of the energy sector that significantly underperformed the broader markets in 2020. Rising fuel prices due to the relaxation of lockdown restrictions in several parts of the world have been a key driver of stock prices for energy companies on the TSX.

Let's see which two TSX stocks are trading near their 52-week highs right now.

Tourmaline Oil

A large-cap company valued at a market cap of \$13 billion, **Tourmaline Oil** ([TSX:TOU](#)) stock has [gained over](#) 150% in the last 12 months. Tourmaline acquires, develops, and produces oil as well as natural gas properties in the Western Canadian Sedimentary Basin. The company holds properties located in the Peace River High Triassic oil complex, the Alberta Deep Basin, and Northeast British Columbia Montney.

In the second quarter of 2021, Tourmaline reported a record free cash flow of \$343.9 million, or \$1.89 per share, while its average production stood at 410,339 boe/d. The company forecasts to deliver a free cash flow of \$1.8 billion in 2022 and around \$7 billion over the five-year duration of its plan that was disclosed earlier.

Its free cash flow forecasts for 2022 equates to \$5.50 per share, indicating an FCF yield of 16% while reducing its payout ratio to just 48%. This gives Tourmaline an opportunity to increase its dividend payouts going forward. It currently pays investors an annual dividend of \$0.68 per share, indicating a forward yield of just 1.54%.

Tourmaline aims to report a net debt of \$1 billion by the end of 2021, which suggests its debt-to-cash flow ratio will be less than 0.4 times and debt to annual free cash flow will be less than one.

Despite its astonishing returns, TOU stock continues to trade at an attractive multiple. Its forward price-

to-earnings ratio stands at 10.2, while Bay Street expects the bottom line to expand at an annual rate of 18% in the next five years. Analysts also have a 12-month average price target of \$57 for the stock, which indicates upside potential of 32% from current levels.

Vermilion Energy

The second energy stock that makes the list is **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)), which has gained a stellar 340% in the last year. A Calgary-based company, Vermilion is engaged in the acquisition, exploration, development, and production of petroleum and natural gas.

In the [second quarter](#), the company's funds from operations rose 7% on a sequential basis to \$173 million due to higher commodity prices. It generated \$94 million in free cash flow in Q2 after allocating \$79 million in exploration and development capital expenditures.

In the first half of 2021, free cash flow stood at \$173 million compared to a negative \$24 million in the year-ago period. The continued strength in commodity prices has allowed Vermilion to significantly raise its funds from operations guidance for the next two quarters. The energy company now expects free cash flow in excess of \$400 million, or \$2.50 per share for 2021.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:TOU (Tourmaline Oil Corp.)
3. TSX:VET (Vermilion Energy Inc.)

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