



1 Top TSX Energy Stock to Load Up on Right Now

Description

The energy sector is one that's been on a wild ride of late. Starting with a flamboyant start in 2021, this year has continued the strong momentum late 2020 brought with a commodities rebound. Indeed, various energy stocks have surged, as commodity prices have improved greatly.

After all, last year's lows in energy prices were something to behold.

For investors seeking a top energy stock to consider in this environment, I've got one top pick right now. Let's dive in.

Tourmaline's special dividend makes this a top energy stock

Tourmaline Oil ([TSX:TOU](#)) is a Canadian oil and energy firm that has seen a rather dramatic increase this year. Shares of Tourmaline stock have more than doubled year to date, reflecting the positive sentiment driving this sector.

Much of this positive sentiment has to do with Tourmaline's [dividend](#). The company's dividend [yield of 1.6%](#) isn't much to write home about. However, investors in Tourmaline stock do receive special dividends from time to time, depending on profitability.

This means, in good times, Tourmaline shares the wealth with shareholders. In bad times, the company isn't tied down to a dividend distribution that could hurt its bottom line. Accordingly, investors benefit from the obvious balance sheet implications of this move.

On Oct. 7, Tourmaline announced a special dividend worth \$0.75 each share. Tourmaline also reported a positive business update, as it raised its quarterly dividend distributions to \$0.18 per share. This reflects an increase of \$0.01 over previous levels.

Given the company's strong cash flow prospects this year, these dividends look very safe. The company anticipates it will bring in free cash flow of \$1.6 billion this year. For a company with a market capitalization of \$13 billion, that's a pretty good free cash flow yield for investors. Accordingly, for

income investors looking at energy stocks with growth upside, Tourmaline is a great option.

Bottom line

Tourmaline's current financial situation is intriguing. This is an energy stock with a rather positive balance sheet, and a strong strategic view moving forward. The company plans to continue to deliver value to shareholders via special dividends from time to time as well as tactical share buybacks. For long-term investors, this is a company that's really aimed at creating value. I like that.

Tourmaline's doubling of revenues during the first half of this year is impressive. Should energy prices remain sustained at these higher levels, Tourmaline stock could have much more room to run. Accordingly, this is a stock on my radar right now.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TOU (Tourmaline Oil Corp.)

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