



Why I'm Buying Gibson Energy (TSX:GEI) After its Earnings Release

Description

Gibson Energy ([TSX:GEI](#)) is a Calgary-based liquids infrastructure company that is engaged in the gathering, storage, optimization, processing, and marketing of liquids and refined products in North America. The Canadian energy sector has been [on fire](#) over the past year. It enjoyed a rebounding economy and higher prices in 2021. [Oil and gas prices soared](#) to new heights in 2022 largely due to the destabilizing effects of the ongoing Russia-Ukraine war.

Today, I want to discuss whether Gibson Energy is worth snatching up after earnings, as this space has exhaled somewhat.

How has this energy stock measured up to its peers during the bull market?

iShares S&P/TSX Capped Energy Index ETF jumped 3.82% on May 3. Shares of this ETF have surged 47% in the year-to-date period. That means even broad exposure to this sector has delivered huge growth to opportunistic investors in 2022.

Shares of Gibson Energy rose 4.66% on May 3. However, this energy stock has only increased 11% in 2022. That means Gibson has lagged some of the [top performers in this space](#), like **Suncor Energy**, **Canadian Natural Resources**, and **Imperial Oil**. This should not steer Canadian investors away from this energy stock in 2022 and beyond.

Let's look at Gibson Energy's latest batch of earnings

This company released its first-quarter 2022 earnings on May 2. It reported total revenues of \$2.68 billion — up 67% from the previous year. The company outperformed its original guidance for this year. Meanwhile, adjusted EBITDA rose to \$121 million on a consolidated basis. That was up 17% from the first quarter of 2021. Moreover, net income increased 59% year over year to \$52 million in Q1 2021 and distributable cash flow (DCF) jumped 24% to \$79 million.

Gibson Energy boasts a very strong financial position as of month end on March 31, 2022. The company's Infrastructure segment posted adjusted EBITDA that was stable compared to the prior year. On the strategic and operational side, the company announced that its Biofuels Blending Project would enter service ahead of schedule at the Edmonton Terminal. Gibson's strong infrastructure has allowed it to generate steady income for years.

Income investors should be attracted to this stock, as it has consistently rewarded shareholders.

Here's why I'm looking to buy Gibson Energy stock today

Shares of Gibson Energy possessed a price-to-earnings ratio of 26 as of close on May 3. That puts this energy stock in solid value territory compared to its industry peers. It is also on track for promising earnings growth in the years ahead. This should attract Canadian investors who are looking for value and income in their portfolios this spring.

On May 2, Gibson Energy declared a quarterly dividend of \$0.37 per share. That represents a very strong 5.8% yield. This hefty dividend will help Canadian investors keep ahead of surging inflation rates in 2022. Gibson Energy remains an attractive option after its first-quarter 2022 earnings release.

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