



Just Released: The 5 Best Stocks to Buy in May 2022 [PREMIUM PICKS]

Description

For those thinking they've "missed" the boat on the oil and gas sector, we remain of the mind that, on a lot of fronts, the boat is still tied to the dock. Maybe the engine's running, but in a world where oil and natural gas are priced close to their current levels, there's a lot more fun to be had in this sector.

And from where we sit, the most fun to be had is in the services portion of the industry. Producers are the most recognized and have garnered the bulk of the attention to this point, but some of the better businesses in the sector reside a layer beneath the surface. Pason is one of those businesses.

Pason Systems ([TSX:PSI](#)) provides data management software to the industry and benefits from increased levels of drilling. Well, there's nothing like a \$100/barrel oil price to resurrect drilling activity after it spent much of the past decade in the doldrums. And Pason's results prove it. The company has benefitted significantly from the 57% year-over-year increase in industry activity that's occurred.

And while the company's growth is measured against still-depressed levels from a year ago, should our prognosis that industry activity remains strong play out, Pason continues to offer significant upside. The company's financial profile is ridiculously good with no debt and \$172 million in cash on the balance sheet, and we can be virtually assured this cash is going to pad our returns in the quarters ahead. Stock buybacks and a dividend that more resembles past payouts are on the horizon.

Continued growth sprinkled with some shareholder-friendly actions with a growing cash hoard make Pason a near must-own for energy exposure.

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