Energize Your Portfolio With 2 Value Stocks

Description

On May 9, 2022, the TSX fell below 20,000 for the first time since July 20, 2021. With a further decline of 162.40 points two days later, the index is now out of record territory. However, despite the anxiety over tightening monetary policies, the energy sector outperforms year to date (+45.83%).

Canadian energy stocks remain viable options for investors looking to energize their portfolios. **Keyera** (TSX:KEY) and **NuVista Energy** (TSX:NVA) should be on your buy list. The former pays an over-the-top dividend, while the latter can deliver massive capital gains. Both stocks were also the top advancers on May 11, 2022, notwithstanding the negative market sentiment.

Impressive financials

Keyera is back on centrestage following its impressive financial results in Q1 2022. In the three months ended March 31, 2022, net earnings climbed 32.6% to $141 million versus Q1 2021. Management also reported that the company realized $457 million cash flow from operating activities, which represent a 70% jump from the same quarter last year.

The $7.18 billion company operates an integrated energy infrastructure business that boasts extensive interconnected assets, including an industry-leading condensate system. According to Dean Setoguchi, Keyera's president and CEO, the base business is strong and will remain in high demand.

Setoguchi added that the assets are uniquely positioned to create a strong energy transition business. The one thing going for Keyera is the high demand for natural gas and natural gas liquids, which is driven by an expanded export capacity. However, the game changer is its Key Access Pipeline System (KAPS).

Management believes that KAPS is the missing link in Keyera's value chain. Once the project is complete by Q1 2023, it will provide the platform for further downstream growth opportunities (fractionation and storage) and market access expansion.

The good news to investors is the expected growth in the distributable cash flow (per-share basis) for decades to come. Value stocks are when a company is trading at a level lower than its intrinsic value. Performance-wise, Keyera investors are up 16.4% year to date. At $32.52 per share, the dividend offer is a mouth-watering 6.04%. The yield is nearly at par with **Enbridge** and higher than the payout of **TC Energy**.

Huge growth potential

NuVista isn't a generous dividend payer but its huge growth potential should compensate for that. At $11.96 per share, the trailing one-year price return is 354.75%, while the year-to-date gain is 71.84%. The total return in 3.01 years is 225.89% (48.15% CAGR).

In Q1 2022, this $2.72 billion oil & natural gas company reported record-setting financial and operating results. NuVista's net earnings reached $70.3 million, or a 356.5% growth, from Q1 2021. The total quarterly production of 66,600 boe/d was 45% higher from a year ago.

Another highlight was the record $190 million of adjusted funds flow, which represents a 470% increase from the same quarter last year. NuVista's current business plan maximizes free adjusted funds flow. There should also be higher return of capital to shareholders when the existing facilities are filled to capacity.

According to management, NuVista has top-quality assets and the necessary foundation and liquidity to continue adding significant value for shareholders.

Portfolio energizers

Canada-based energy companies like Keyera and NuVista are great value buys. Their recent quarterly results are compelling reasons to take positions in one or both in 2022.

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1. Energy Stocks
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Date
2025/07/19
Date Created
2022/05/15
Author
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