



3 Oil Stocks That Have Trowned the Overall Market in 2022

Description

The **TSX's** energy sector was the worst performer in 2020, losing 30.8% due to the significant drop in oil demand and the global pandemic. Fast forward to 2022, and the fortunes of [oil stocks](#) have changed. The year-to-date gain is now 65.14%, an overwhelming lead over materials (+8.30%), the second top performer.

Athabasca Oil ([TSX:ATH](#)), **Obsidian Energy** ([TSX:OBE](#))([NYSE:OBE](#)), and **Ensign Energy Services** ([TSX:ESI](#)) lost big time in 2020 but are trouncing the overall market this year. All three have gains of more than 100% versus -2.23% on the TSX. Their share prices could still soar through the roof if commodity prices remain elevated.

Record free cash flow

Athabasca plunged to as low as \$0.11 in late April 2020 but trades at \$2.56 per share today, or 334% higher from a year ago. The year-to-date gain is 115.13%. This \$1.37 billion energy company develops thermal and light oil assets in an extensive land base in the Western Canadian Sedimentary Basin.

Rising cash flows are proof of the rebound of oil players. In Q1 2022, Athabasca reported a record free cash flow of \$43.83 million. Adjusted funds flow also increased 294% to \$74.76 million versus Q1 2021. You can expect Athabasca's cash flow expansion to continue through 2023.

According to management, the transition of enterprise value to equity holders is materializing and should unlock significant shareholder value. Once Athabasca achieves its debt target, it commits to utilizing FCF and cash balances for share repurchases or dividends. Moreover, management said the current share price doesn't reflect the stock's tremendous intrinsic value.

Making a splash

Obsidian Energy is making quite a splash in 2022, owing to its 131.09% year-to-date return. Also, at \$12.04 per share, the trailing one-year price return is 499%. The \$988.21 million company is one of

Canada's intermediate-sized oil and gas producers. According to management, Obsidian has re-emerged stronger, leaner, and more capable than ever, as it navigates a new exciting path.

In Q1 2022, total production increased 27% to 29,407 barrels of oil equivalent per day (boe/d) versus Q1 2021. More importantly, the net sales price climbed 69% year over year to \$70.49. While net income rose by only 3% versus the same quarter last year, cash flow from operating activities soared 195% to \$83.9 million.

Management credits the significant production growth to the success of Obsidian's development program in the first half of 2022. The company is finalizing plans for the second half, as it capitalizes on the current strong commodity price environment.

High flyer

Ensign Energy isn't an oil or natural gas producer, but it provides oilfield services to Canada's crude oil and natural gas industries. Performance-wise, this energy stock (+188.1%) outperforms Athabasca and Obsidian year to date. The share price is \$4.84, while the trailing one-year price return is 275.89%.

The \$787 million company reported a profit of \$6.6 million in Q1 2022 compared to the \$43.6 million net loss in Q1 2021. Notably, Ensign's revenue jumped 52% year over year to \$332.7 million. Based on market analysts' 12-month forecast, the return potential is between 20% and 45%.

Capital gains

Athabasca, Obsidian, and Ensign are non-dividend payers, but who needs a dividend if the capital gains can more than compensate for the lack of it?

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ESI (Ensign Energy Services Inc.)
2. TSX:OBE (Obsidian Energy)

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