1 Growth Stock up 68% and Poised for Another Boom

Description

Shares of **Pipestone Energy** (TSX:PIPE) are up a whopping 68% so far in 2022. The energy company in Western Canada has seen its shares climb steadily since the market correction in mid-May, with its earnings helping the company grow further.

But after so much growth in the last few months, is this energy company still a growth stock worth buying?

Let’s go back

Shares of Pipestone stock have been climbing steadily since fall of 2021. Back in November 2021, Pipestone announced it would be purchasing up to 9.6 million common shares, or about 5% of its outstanding shares as of Nov. 12, 2021.

The growth stock saw shares climb higher with the belief that its shares were undervalued. This was also before the boom in oil and gas, as the Omicron variant was just in its beginning stages. Since restrictions have lessened once more, Pipestone has been a growth stock that’s only climbed higher.

What’s happening now?

Let’s take a look at the company’s recent earnings results. Pipestone stock generated record revenue during its last quarter — announced last month. It reached $153.5 million in revenue, more than doubling the first quarter of last year and 12% higher than the quarter before.

The growth stock also saw its quarterly production increase by 28% over the last year, with a corporate record of $37.69/boe. This was an increase of 115% over the same quarter in 2021 and 50% over the quarter before. Furthermore, Pipestone achieved record funds flow from operations, tripling the amount over the first quarter in 2021, and purchased 1.484 million common shares at an average $4.60 per share.

But what was really impressive were the company's change from a loss last quarter to an incredible profit in 2022. The growth stock went from a loss of $954,000 to a profit of $27 million in 2022, with adjusted EBITDA at $91 million — almost triple the $32.5 million the year before.

What's next?

This growth stock is climbing higher, has high crude oil prices, and everything looks great. The next question is whether Pipestone stock has peaked. Let's look at the company's updated guidance and outlook for the next few years.

Pipestone stock expanded its operations, which meant an increase in its capital costs. It now sees a guidance between $225 and $235 million in capital guidance for 2022. However, the company expects to generate between $380 and $420 million in cash flow, using $50-$60 million to repurchase shares. By the end of 2022, it hopes to achieve net debt of just $75 to $95 million.

In the next three years, the growth stock adjusted for inflation over capital costs in 2021. However, it also adjusted its plan thanks to the increase in commodity prices. Now, Pipestone hopes to accelerate its spending to expand further, hoping to exit 2024 at a production rate of 50,000 boe/d. Between 2022 and 2024, it also hopes to generate about $670 million in free cash flow. This would double full-year 2021 production.

Foolish takeaway

The key here is, the company is operating at a profit, paying down its debt, and has more growth on the way. The growth stock has been climbing higher but looks to have more room to run thanks to the expanding oil and gas environment. Further, it remains fairly valued, trading at just 20.79 times earnings. So, this growth stock could be one to watch in your portfolio today.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PIPE (Pipestone Energy)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date
2025/07/01
Date Created
2022/06/12
Author
alegatewolfe