



## These 3 Stocks Doubled in the Past Year: Can They Do it Again?

### Description

The market rally off the pandemic lows saw many stocks provide savvy investors with 100% gains. A [market correction](#) in 2022 is now giving investors who missed the original rallies a chance to buy on a dip.

### Cenovus Energy

**Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) traded for close to \$10 per share a year ago. The stock currently sits at \$23.50 and is down from the 2022 high of \$31.

Cenovus is an integrated oil and natural gas producer with the majority of its assets focused on oil sands production. The downstream operations include refining and marketing operations.

Cenovus is benefitting from the recovery in the the price of oil. Net earnings for Q1 2022 came in at \$1.625 billion compared to \$220 million in the same period last year. Net debt dropped from \$13.34 billion to \$8.4 billion.

The strengthening balance sheet enables Cenovus to return more cash to shareholders through buybacks and higher dividends. Cenovus tripled the dividend when it announced the Q1 2022 results and says the payout can be sustained with WTI oil as low as US\$45 per barrel. Oil currently sells for US\$104 per barrel.

Cenovus is also repurchasing up to 146.5 million shares under the current share-repurchase program.

### Baytex Energy

**Baytex Energy** ([TSX:BTE](#))([NYSE:BTE](#)) trades for \$6 per share at the time of writing compared to \$2 last summer. The stock actually bottomed out around \$0.30 in 2020 and soared as high as \$9 last month. BTE stock was \$48 stock in 2014 before the last oil crash.

Baytex is using the rebound in the price of oil to dig itself out of a deep debt problem that occurred due to a large acquisition made at the peak of the 2014 oil boom. Now that the balance sheet is being fixed, investors are starting to see cash coming back to them in the form of share buybacks and the anticipated restart of dividend payments.

In the Q1 2021 results, Baytex said it expects to generate \$700 million in free cash flow in 2022. The current plan is to allocate 25% of free cash flow to share repurchases until net debt drops to \$800 million. This is expected to occur in early 2023. If oil remains above US\$100 for the rest of the year, investors could see a dividend payment announced for 2023.

Baytex expects to generate about \$3 billion in cumulative free cash flow from 2022 to 2026 based on an average WTI oil price of US\$75.

## Vermilion Energy

**Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) is an oil and gas producer with assets located in Canada, the United States, Europe, and Australia.

The price of natural gas soared in the past two years, especially in Europe, where surges in electricity demand and lower power production for renewable energy facilities caused tight natural gas (LNG) supplies. The fuel is used by utilities to produce power as well as being the fuel of choice by millions of homes and companies to heat buildings, heat water, or cook food.

The war in Ukraine makes Europe's situation more precarious as it scrambles to find new natural gas supplies to offset the reliance on Russia.

Vermilion Energy has natural gas production facilities located in Europe, so it is getting more investor attention with prices soaring to very profitable levels. High natural gas prices are expected to remain in place for some time as global demand rises.

VET stock trades at \$26 per share at the time of writing. It was \$10 at this time last year and hit a high of \$75 at its peak in 2014.

## Should you buy these stocks now?

Cenovus Energy, Baytex Energy, and Vermilion Energy all look [undervalued](#) at today's oil and natural gas prices and could deliver more big gains for investors. A double from the current level is possible over the next few years if energy prices remain high and dividends rise at a fast pace.

Volatility should be expected and downside risk is still significant if energy prices tank. That being said, oil and gas bulls might want to take a position in these stocks on the recent pullback.

### CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:VET (Vermilion Energy)
3. TSX:BTE (Baytex Energy Corp.)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:VET (Vermilion Energy Inc.)

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aswalker

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