



6 Energy Stocks With Valuations Too Cheap to Ignore

Description

I've been pretty picky when it comes to energy stocks these days. The entire situation, no matter how you look at it, is volatile, whether it's oil and gas on the **TSX** today, with prices skyrocketing and then falling back, or clean energy companies that could be due for a future boom but remain well below where they should be.

It's left me in a predicament. Right now, there are a lot of energy stocks with valuations that are simply too cheap to ignore. And while I'm one of the followers of long-term investing, it simply cannot be denied that Motley Fool investors could make a *killing* from these stocks at such low levels.

So, today I'm going to look at three companies in the oil and gas sector, and three in the renewable energy sector. Each of these energy stocks have incredibly cheap valuations. Plus, you can lock in passive income.

Oil and gas energy stocks

Right now, there are three [oil and gas](#) energy stocks I would recommend to Motley Fool investors based on valuations. Those would be **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)), and **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)).

Each of these companies are giant corporations with a huge market share of the Canadian market among energy stocks. Plus, they're growing all the time through marketing their products and buying up more production or pipelines in the case of Pembina.

And they all trade at significantly valuable share prices, even among other energy stocks. Suncor stock currently trades at 8.86, Cenovus trades at 20.54, and Pembina trades at 19.46 times earnings. Plus, they trade at 1.57, 1.92, and 1.77 times book value, respectively. With all that, you can lock in dividend yields of 4.7%, 1.8% and 5.5%, respectively.

The only thing I don't like about these energy stocks on the TSX today is the focus on oil and gas. While Pembina and Suncor have made a few moves towards clean energy, I think long-term investors

may want to watch more closely over the next two years or so. If there's a shift to renewable energy, these three could be left behind and you may want to take your returns.

Renewable energy stocks

Another option on the TSX today is buying [renewable energy](#) stocks. The three energy stocks I would recommend in this category are **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)), **Northland Power** ([TSX:NPI](#)), and **Boralex** ([TSX:BLX](#)).

Granted, when it comes to trading times earnings, these companies are on the expensive side. But there are two things to consider here. First, each is still cheap in regards to book value. Brookfield trades at 1.6 times book value, with Northland trading at 3.1 and Boralex at 3.9. So, there is still value there.

But then I want you to look at the *next* 12 months in terms of these energy stocks. There, analysts predict there is going to be an explosion in share price with more movement towards renewable energy. And again, you can still look forward to a dividend from Brookfield, Northland, and Boralex of 2.86%, 3.07%, and 1.57% respectively. These yields and the share price could absolutely explode in the years to come.

Just how many years remains up in the air. The current market volatility means it could be longer than originally hoped for the world to shift to renewable energy. While the crisis in Ukraine and Russian sanctions put pressure on European countries to create renewable power, there isn't the cash available. So, Motley Fool investors will have to play a bit of waiting game here.

Bottom line

There are energy stocks right now that are just simply too cheap for you to pass up. Whether that's for strong returns in the next year or two or in a decade from now is up to you. But all of them offer up dividends for those patient enough to wait it out.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. NYSE:SU (Suncor Energy Inc.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:BLX (Boralex Inc.)
7. TSX:CVE (Cenovus Energy Inc.)
8. TSX:NPI (Northland Power Inc.)
9. TSX:PPL (Pembina Pipeline Corporation)

10. TSX:SU (Suncor Energy Inc.)

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. alegatewolf
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/08/14

Date Created

2022/07/14

Author

alegatewolf

default watermark

default watermark