



Is Tamarack Valley the Best Under-\$5 Monthly Dividend Stock in Canada Today?

Description

Shares of **Tamarack Valley Energy** ([TSX:TVE](#)) have largely been trading on a negative note for the last three months due mainly to a correction in the prices of energy products. Notably, West Texas Intermediate (WTI) crude oil futures prices have seen more than a 20% downside correction in the last three months. This weakness has pressured most [TSX energy stocks](#) lately, including TVE stock.

Nonetheless, I still find Tamarack Valley stock worth buying on the dip for the long term, which pays monthly dividends and currently trades under \$5 per share. Before I explain why, let's take a closer look at its business overview and recent stock price movement.

Tamarack Valley Energy stock price movement

Tamarack Valley Energy is a Calgary-based oil and natural gas producer with a market cap of \$1.9 billion. While TVE stock continues to outperform the market with its 11% year-to-date gains, it has dived by 16.6% in the last three months to \$4.27 per share. By comparison, the **TSX Composite Index** has seen a 6.4% value erosion in 2022.

At the current market price, Tamarack stock has a decent [dividend](#) yield of around 2.8%, and the company distributes its dividend on a monthly basis. This Canadian energy company primarily focuses on low-risk oil development drilling locations with the help of its diverse multi-play asset portfolio. It aims to achieve a 39% emission intensity reduction by 2025.

Analyzing its recent financial growth trends

In 2020, like most other energy companies, Tamarack Valley faced operational challenges due to COVID-19-related restrictions. This factor, along with the sharp decline in the demand and prices for energy products, took its total revenue for the year down by 27% YoY (year over year) to \$224.4 million.

Nonetheless, the company posted a spectacular financial recovery the next year with a much sharper

than expected recovery in oil and gas demand and prices, along with its rising production. In 2021, Tamarack Valley's total revenue stood at \$524.9 million, up 134% compared to the previous year. Similarly, its adjusted earnings for the year jumped by 640% YoY to \$1.08 per share, crushing analysts' estimate of around \$0.83 per share.

Tamarack Valley is continuing to maintain this strong growth trend in the ongoing year. In the June quarter, the energy company reported a 151% YoY rise in its revenue to \$328.9 million with the help of a 35% increase in its quarterly production volumes. This higher production and strong price environment also drove its second-quarter adjusted earnings up by 450% YoY to \$0.33 per share, beating Street's estimate of around \$0.23 per share by more than 40%.

Bottom line

Tamarack Valley Energy's accelerating financial growth trends have encouraged it to initiate share buybacks and increase dividends per share in recent months. In June, the company [closed](#) the acquisition of Rolling Hills Energy for total net consideration of its 9.3 million common shares and \$46.5 million in cash. With this deal, Tamarack Valley expects to realize synergies in gas conservation and other infrastructure projects, which should help accelerate its financial growth in the coming years.

These positive factors make TVE stock worth buying amid the ongoing correction and one of the best Canadian monthly dividend stocks to buy for under \$5 per share.

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