



## This Little-Known TSX Stock Has Huge Potential

### Description

**Whitecap Resources** ([TSX:WCP](#)) is a Calgary-based oil and gas company that acquires and develops petroleum and natural gas products in Canada. The oil and gas space have provided some [explosive gains](#) in 2022, especially in the first half of the year. Today, I want to discuss why this under-the-radar TSX stock is worth trusting for the long haul.

### How has this under-the-radar TSX stock performed so far in 2022?

Shares of this TSX stock have climbed 10% in 2022 as of early morning trading on September 29. The stock is up 23% in the year-over-year period. Whitecap Resources stock has dropped 15% in the month-over-month period. Its peers in the [oil and gas space](#) have also suffered corrections due to the softening of oil and gas prices in the second half of the year.

Before 2022, Whitecap had suffered a steady decline since rising to an all-time high in 2014. Valuations for oil and gas stocks were under significant pressure in the latter half of the 2010s as production soared. The price of West Texas Intermediate crude is now trading below US\$85/barrel as of late-morning trading on September 29. Meanwhile, Western Canadian Select has plunged to \$60/barrel after hitting a triple-digit valuation in early March.

### Here's why I have my eyes on Whitecap Resources

Investors can expect to see this company's next batch of earnings in the month of October. It released its second-quarter (Q2) fiscal 2022 results on July 28. We should remember that these results still largely reflect an environment of very high oil and gas prices. That means we can expect to see some slippage in the second half of the year for Whitecap and its peers. Regardless, I still like its prospects for the long term.

In Q2 2022, the company delivered net income of \$380 million, or \$0.61 per diluted share — up from

\$18.5 million, or \$0.03 per diluted share, in the previous year. Meanwhile, it achieved record funds flow from operations (FFO) of \$676 million, or \$1.08 per diluted share. This was up 151% from the prior year. Whitecap beat analyst expectations in the second quarter of 2022 on the back of strong production that reached 132,293 barrels of oil equivalent per day (boe/d).

## Whitecap Resources: Here's why I'm targeting this TSX stock today

This TSX stock currently possesses a price-to-earnings ratio of 1.9. That puts Whitecap in very attractive [value territory](#) at the time of this writing. Relative Strength Index (RSI) is a technical indicator that measures the price momentum for a given security. Shares of Whitecap last had an RSI of 43, which puts it outside of technically oversold territory. Regardless, it still looks deeply discounted in late September.

Canadian investors who snatch up this TSX stock can also depend on its consistent income. Whitecap offers a monthly dividend of \$0.037 per share, which represents a strong 5% yield. This TSX stock offers very nice value and income at the time of this writing. Oil and gas prices have corrected, but this stock is still worth holding in your portfolio in the early 2020s.

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1. TSX:WCP (Whitecap Resources Inc.)

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