



3 Top TSX Energy Stocks to Buy Right Now

Description

[Energy stocks](#) have had an incredible bull run in 2022, despite high inflation and rising interest rates. The year-end loss would be higher than what it is now (-8.93% as of this writing) if not for the favourable commodity pricing environment.

If you're investing in the red-hot sector right now, **Tourmaline Oil** ([TSX:TOU](#)), **Crew Energy** ([TSX:CR](#)), and **Step Energy Services** ([TSX:STEP](#)) are great year-end buys.

Fantastic business performance

Market analysts covering Tourmaline Oil are bullish. Based on their price forecasts, the current share price of \$71.15 (+95.98% year to date) could climb 38.33% to \$98.42 in 12 months. The overall return should be higher if you include the 1.36% dividend. Also, in the fourth quarter (Q4) of 2022, the quarterly base dividend will increase by 11%.

The \$24.05 billion company is Canada's largest and most active natural gas producer. Management's primary objective is to produce the lowest-emission and lowest-cost natural gas in North America. This year has been fantastic for Tourmaline, operationally and financially.

In the nine months that ended September 30, 2022, natural gas production increased 16% to 2,314,655 mcf/d (one thousand cubic feet per day). After three quarters, net earnings reached \$4.52 billion, representing a 339% year-over-year increase. Notably, cash flow from operations rose 78% to \$3.48 billion from a year ago.

According to management, Tourmaline will continue to focus on returning the majority of free cash flow (50-90% in 2023) to shareholders through base dividend increases, special dividends, and share buybacks.

TSX30 winner

Crew Energy ranked third in the 2022 TSX30 List, the flagship program for TSX's 30 top-performing [growth stocks](#). It's also one of 14 names representing Canada's energy and natural resources sectors in this year's edition. At \$5.67 per share, current investors are up 98.25% year to date.

This \$888.37 million company is a growth-oriented natural gas-weighted producer operating in the world-class Montney play in British Columbia. In the nine months that ended September 30, 2022, total sales and net income climbed 101% and 25% year over year to \$461.62 million and \$192.92 million, respectively.

After three quarters, Crew's cash from operating activities rose 247% to \$254.77 million. Its president and chief executive officer Dale Shwed is confident the strong momentum will continue in 2023 due to the outperformance heading to Q4 2022.

High flyer

At only \$4.85 per share, Step Energy's year-to-date gain is 201.24%. Had you invested \$5,000 in this small-cap energy stock at year-end 2021, your money would be worth \$15,062.61 today. Market analysts recommend a buy rating with a 12-month average price target of \$10.46 (+115.67%).

The \$346.62 million company isn't an oil producer but provides vital services such as coiled tubing, fluid & nitrogen pumping, and hydraulic fracturing solutions. STEP's net income after three quarters in 2022 reached \$78.09 million compared to the \$21.91 million net loss in the same period in 2021. Its free cash flow ballooned 559% year over year to \$89.42 million.

Cash rich

Expect cash-rich Tourmaline Oil, Crew, and Step Energy to continue winning in 2023. All three are worth buying today and should deliver enormous gains, notwithstanding the threat of recession.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CR (Crew Energy)
2. TSX:STEP (STEP Energy Services Ltd.)
3. TSX:TOU (Tourmaline Oil Corp.)

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