3 Under-the-Radar Stocks to Buy in January 2023

Description

The energy sector was the brightest spot of the **S&P/TSX Composite Index** in 2022, an extremely volatile year for stocks. About 37%, or 14 of the 30 top-performing growth stocks featured in the 2022 edition of the TSX30 program of the **TMX Group**, were oil and gas companies.

Many market analysts predict the sector will again dominate in 2022. If you're looking for names that could deliver superior returns, three under-the-radar stocks you can buy this month are also energy constituents. **Cathedral Energy Services Ltd** (TSX:CET), **Whitecap Resources Inc.** (TSX:WCP) and **NexGen Energy Ltd.** (TSX:NXE) are cheap but profitable options.

High-flyer

Cathedral Energy is a TSX30 winner in 2022 and ranked 23rd. However, if the winners were announced today, the high-flying energy stock would land in the top 10. At $1.41 per share, the 386.2% total return in 3 years translates to a compound annual growth rate (CAGR) of 69.2%.

Last year, investors were happy with the 231.6% capital gain. Had you invested $5,000 at year-end 2021, your money would have been worth $16,578.95 on December 30, 2022. Market analysts' 12-month average price target is $3.59, or a 154.6% return potential.

The $316.5 million firm provides directional drilling services to energy companies in North America. In the nine months that ended September 30, 2022, net income reached $8 million compared to a $7.5 million net loss from a year ago. However, free cash flow (FCF) soared tremendously in the same period by 2,970% to $25.4 million.

Earn two ways

Whitecap Resources isn't a high-flyer like Cathedral Energy, but it's a winning stock in 2022, with its 46% overall return. The advantage of this $6.45 billion oil and gas company is that you can earn two ways, from price appreciation and dividends. At $10.60 per share, the dividend offer is 4.37%.

Like most industry players, Whitecap benefits from the favourable pricing environment and generates considerable cash flows. After three quarters in 2022, the $1.6 billion cash flow from operating activities represents a 104.8% year-over-year increase.

Management expects to reach its final net debt target of $1.3 billion by mid-year 2023. Once the oil-weighted growth company achieves the milestone, the plan is to return 75% of free funds flow to shareholders.

Uranium producer

NexGen Energy is a profitable investment like Cathedral Energy, given its 303.2% overall return in 3 years (58.96% CAGR). As of this writing, the share price is $6.26. The $3 billion company is the developer of the Rook I Project, a low-cost producing uranium mine.

Besides the 100%-owned project, NexGen has several highly prospective projects in its portfolio. Management's primary focus is to acquire, explore, and develop Canadian uranium projects. NexGen believes that uranium will play a critical role in the delivery of a clean energy future for the planet.

Industry experts consider the land package in northern Saskatchewan the pre-eminent uranium exploration area globally for high-grade, high-tonnage mineralization. The exploration and development stage company has yet to see profits but still attracts an elite customer base.

Multi-baggers

I no longer see Cathedral Energy, Whitecap Resources, or NexGen flying under the radar. All three are high-growth stocks and potential multi-baggers in 2023.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ACX (Cathedral Energy Services)
2. TSX:NXE (NexGen Energy Ltd.)
3. TSX:WCP (Whitecap Resources Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin

4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. cliew

Category

1. Energy Stocks
2. Investing

Date
2025/08/13
Date Created
2023/01/13
Author
cliew