2 High-Quality Value Stocks to Buy This Month

Description

If market experts expect the energy sector to outperform and deliver outsized gains in 2023, then **Parkland Corp** (TSX:PKI) and **Computer Modelling Group Ltd.** (TSX:CMG) should be among the screaming buys. The former is an energy and retail company, while the latter is a computer software technology company serving the oil and gas industry.

This pair of high-quality value stocks has strong momentum and outperforms the broader market. Consider including them in your buy list this month as both could soar exponentially this year and beyond.

Proven organic growth strategy

Parkland supplies and markets fuel and petroleum products and operates a convenience store network. The $5.4 billion company's three channels (Retail, Commercial, and Wholesale) serve customers in Canada, the U.S., the Caribbean, and the Americas.

Management's primary objective is to create shareholder value by growing organically and capitalizing on its strong supply advantage. For the convenience store operations, the aggressive On the Run expansion plan targets 1,000+ locations by 2024.

An exciting development is Parkland's plan to double its ultra-fast electric vehicle (EV) charging locations to 50 instead of 25. Management has secured $6.8 million in funding from the Government of British Columbia and Natural Resources Canada.

In the first three quarters of 2022 (nine months ended September 30, 2022), sales and operating revenue climbed 76.8% to $26.8 billion versus the same period in 2021. The period's highlight was the 179.8% year-over-year increase in net earnings to $277 million.

Notably, cash from operating activities in Q3 2022 rose 101% to $402 million compared to Q3 2021. In the same quarter, Parkland increased its annual dividend by 5.2%. If you invest today, PKI trades at $30.62 per share (+3% year to date) and pays an attractive 4.25% dividend.

Vital technology and services in oil & gas

Blue-chip oil and gas companies and technology centers in various continents in more than 60 countries form the diverse customer base of Computer Modelling Group, or CMG. This $530.5 million company develops and supplies advanced processes reservoir modelling software and provides sales and technical support services globally.

The business was steady in the first half of fiscal 2023. In the six months that ended September 30, 2022, the total revenue and net income increased 13% and 4% year-over-year to $34.2 million and $8.2 million, respectively. On a year-to-date basis, CMG is outpacing the TSX, +13% versus +6.7%. At $6.59 per share, the rare gem in the tech sector pays a decent 3% dividend.

According to its CEO, Pramod Jain, oil and gas demand will remain resilient, although market trends are creating significant opportunities for innovation. However, to achieve marketplace success, CMG must demonstrate operational reliability, scalable technology, speed to market, cost efficiency, and great customer service.

CMG wants to play an active role in the energy transition. Its existing technology has differentiating capabilities built into its software products that can address the energy transition needs of its customers. Management recently entered a strategic arrangement to deliver a comprehensive, end-to-end solution for the planning and execution of carbon capture and storage (CCS) projects.

Favourable business outlooks

The business outlook for both Parkland and CMG is positive, if not generally favourable. Expect the growing revenues and earnings to reflect in the share prices soon. Also, the dividend payouts should be sustainable for years to come.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CMG (Computer Modelling Group Ltd.)
2. TSX:PKI (Parkland Fuel Corporation)

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