



## 1 Undervalued Energy Dividend Stock to Buy and Hold!

### Description

To know who controls **Total Energy Services** ([TSX:TOT](#)), you'll have to look at the makeup of its share registry. Insiders often own a greater percentage of younger, smaller, companies, while giant companies tend to have institutions as shareholders.

### Insider and institutional investment

It makes sense to see at least a little bit of insider ownership. As Charlie Munger, the vice-chairman of **Berkshire Hathaway**, said once, "Show me the incentive and I will show you the outcome."

Total Energy Services is not a large company by global standards. It has a market capitalization of \$293 million, which means it wouldn't have the attention of many institutional investors.

Interestingly, institutional investors currently own approximately 65% of TOT. Insider investment is at a good level, and the inside investors are not selling.

Another positive is that TOT announced on September 30, 2019, that it filed a notice with the Toronto Stock Exchange to undertake a normal-course issuer bid that will expire on October 1, 2020.

### Dividend stability, diversity, and value

Dividends are paid out of company income, so if a company pays out more than it earned, its dividend is usually at a higher risk of being cut. Total Energy Services's payout ratio is modest at just 43% of profit.

[Total Energy Services generated enough free cash flow to afford its dividend](#). The company paid out just 17% of its free cash flow last year. It is a positive sign to see that the dividend is covered by both profit and cash flow, which suggests the dividend is sustainable if earnings don't drop precipitously.

The company is a good value based on its P/E ratio (11.4 times) compared to the energy services

industry average (15.9 times). Its P/E ratio compares well to the Canadian market (13.8 times). Its P/B ratio is 0.5 times compared to the Canadian energy services industry average of 0.8 times. Total Energy Services is forecasted for 10.9% annual earnings growth.

Total Energy Services. provides equipment and expertise for drilling, completion, production, transportation, oil and gas process equipment, and natural gas compression needs.

An aggressively pro-energy party has come to power in Alberta, and overall production in the country is around five million barrels per day, making Canada the world's fourth-largest producer.

Millions of barrels of crude remain in storage because of stubborn delays in pipeline expansion caused by legal challenges from environmental and Indigenous groups. These problems are part of why the Alberta government curtailed crude production to prop up Canadian oil prices.

[Canada's energy is on sale.](#) The question is whether this is a temporary sale or a permanent loss. Diversity will allow TOT to continue to generate enough profit and cash flow to support a healthy dividend and to thrive in a difficult sector until the industry, now largely in the hands of domestic producers, works through the issues at hand, including this year's federal election.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:TOT (Total Energy Services Inc.)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Energy Stocks
2. Investing

## Date

2025/08/23

## Date Created

2019/10/04

## Author

robertflynn

default watermark