

4 Top Oil & Gas Stocks to Buy Under \$15 in November

The energy sector is currently reaping the benefits of strong demand coupled with a surge in domestic gas consumption. Therefore, quality oil and gas stocks Antero Midstream Corporation (AM), CSI Compressco LP (CCLP), Star Group, L.P. (SGU), and Martin Midstream Partners L.P. (MMLP), trading under \$15, could be wise portfolio additions in November. Read on....

The energy sector is thriving amid record oil production and increasing demand for oil and gas. Given this backdrop, fundamentally strong oil and gas stocks Antero Midstream Corporation (AM), CSI Compressco LP (CCLP), Star Group, L.P. (SGU), and Martin Midstream Partners L.P. (MMLP), trading below \$15, could be solid buys this month to yield significant returns. Moreover, these companies provide the added advantage of consistent and reliable dividend disbursements.

As tensions grow amid the Israel-Hamas conflict and the ongoing war between Russia and Ukraine, it casts substantial uncertainty over the global marketplace. The World Bank projects potential oil price spikes should turmoil intensify across the Middle East.

Iran's suggested involvement in Hamas' attacks on Israel could spur the U.S. to strengthen its sanctions. Coupled with the fact that the Middle East contributes about 30% of the world's oil production, growing turmoil could drive oil prices beyond \$100/barrel. Regardless of the potential impact of the conflict's magnitude on oil supply, Saudi Arabia and Russia's production cuts could cause an uptick in oil prices.

The current administration's mission to reduce carbon emissions does not seem to impact U.S. crude oil production,

which currently sits at an all-time high. This has led to increased supertankers docking on the Gulf Coast for export. Over the next quarter, 48 vessels will arrive in the U.S., marking the most significant maritime traffic in over half a decade.

The future of global oil demand appears robust. The U.S. Energy Information Administration (EIA) data forecast U.S. natural gas production and demand will break new records by 2023. Dry gas production is projected to increase to 103.7 billion cubic feet per day (bcfd) in 2023 and 105.1 bcfd in 2024. Domestic consumption is expected to surge to 89.4 bcfd in 2023.

Standard Chartered anticipates Brent prices to reach \$98/bbl for 2024, \$109 per barrel in 2025, and \$128 per barrel in 2026.

In light of these encouraging trends, let's look at the fundamentals of the four MLPs – Oil & Gas stocks, beginning with number 4.

Stock #4: Antero Midstream Corporation (AM)

AM owns, operates, and develops midstream energy infrastructure in the Appalachian Basin. It operates through Gathering and Processing and Water Handling segments.

AM recently paid the shareholders a quarterly dividend of \$0.2250 per share. Its annualized dividend rate of \$0.90 per share translates to a dividend yield of 7.23% on the current share price. Its four-year average yield is 15.38%. Its dividend payments have grown at a CAGR of 14.8% over the past five years.

AM's trailing-12-month EV/Sales of 8.60x is 65.5% lower than its five-year average of 24.21x. Its trailing-12-month Price/Cash Flow multiple of 8.08 is 27.5% lower than its five-year average of 11.15.

AM's trailing-12-month CAPEX/Sales of 37.46x is 173.1% higher than the industry average of 13.72x. Moreover, its trailing-12-month gross profit and EBIT margins of 80.74% and 55.43% are 70.6% and 142.3% higher than the industry average of 47.32% and 22.88%, respectively.

AM's total revenue in the fiscal third quarter that ended September 30, 2023, stood at \$263.84 million, up 14.2% year-over-year, while its operating income grew 17.8% from the year-ago quarter to \$162.31 million. Its net income and comprehensive income for the quarter was \$97.82 million, up 16.4% year-over-year, while net income per share increased 17.6% year-over-year to \$0.20.

Its adjusted EBITDA increased 12.5% from the year-ago quarter to \$250.92 million. As of September 30, 2023, its total current assets were \$95.53 million, compared to \$88.99 million as of December 31, 2022.

Street expects AM's revenue and EPS in the fiscal fourth quarter ending December 2023 to increase 6.1% and 20.5% year-over-year to \$256.30 million and \$0.20, respectively. Moreover, it surpassed consensus revenue estimates in each of the trailing four quarters.

The stock has gained 19.1% over the past six months to close the last trading session at \$12.47. Over the past year, it gained 17.1%.

AM's solid fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, which equates to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, with each factor weighted to an optimal degree.

AM has a B grade for Momentum, Stability, and Quality. It is ranked #17 out of 42 stocks in the A-rated MLPs – Oil & Gas industry.

In addition to what we have highlighted above, to see AM's grades for Growth, Value, and Sentiment, [click here](#).

Stock #3: CSI Compressco LP (CCLP)

CCLP provides contract services for natural gas compression and treatment in the U.S., Latin America, Canada, Egypt, and internationally.

On October 19, CCLP's board of directors declared a cash distribution attributable to the quarter ended September 30, 2023, of \$0.01 per outstanding common unit, payable to the common unitholders on November 14.

Its annualized dividend rate of \$0.04 per share translates to a dividend yield of 2.94% on the current share price. Its four-year average yield is 3.34%. Moreover, the company paid dividends for 12 consecutive years.

CCLP's trailing-12-month Price/Sales of 0.50x is 63.1% lower than the 1.37x industry average. Its trailing-12-month Price/Cash Flow multiple of 3.76 is 14.4% lower than the industry average of 4.39.

CCLP's trailing-12-month asset turnover ratio of 0.54x is 10.4% higher than the five-year average of 0.49x. Moreover, its trailing-12-month gross profit and EBIT margins of 44.08% and 12.42% are 14.1% and 100.3% higher than the five-year average of 38.64% and 6.20%, respectively.

CCLP's total revenues in the fiscal third quarter that ended September 30, 2023, stood at \$99.71 million, up 5.1% year-over-year. Its adjusted EBITDA increased 13.6% from the year-ago quarter to \$33.84 million. The company's distribution coverage ratio was 9.9x, compared to 7.8x in the prior year quarter.

Moreover, for the nine months that ended September 30, 2023, its net cash provided by operating activities increased 36%

year-over-year to \$59.79 million. As of September 30, 2023, its net long-term debt came at \$619.34 million, compared to \$634.02 million as of December 31, 2022.

The stock has gained 20.9% over the past six months to close the last trading session at \$1.39. Over the past three months, it gained 13%.

CCLP's POWR Ratings reflect a positive outlook. The stock has an overall B rating, which indicates a Buy in our proprietary rating system.

CCLP has an A for Momentum and a B for Growth, Stability, and Sentiment. Within the same industry, it is ranked #12.

[Click here](#) for CCLP's additional POWR Ratings (Value and Quality).

Stock #2: Star Group, L.P. (SGU)

SGU sells home heating and air conditioning products and services to residential and commercial home heating oil and propane customers in the U.S. It also sells diesel fuel, gasoline, and home heating oil on a delivery-only basis; provides plumbing services; and installs, maintains, and repairs heating and air conditioning equipment.

In August, SGU completed the purchase of a privately held propane company for approximately \$18.4 million. The entity, with operations in Long Island, will enhance the company's footprint across the area.

On October 30, SGU paid a quarterly dividend of \$0.1625 per common unit. Its annualized dividend rate of \$0.65 per share translates to a dividend yield of 5.58% on the current share price. Its four-year average yield is 5.49%.

Its dividend payments have grown at CAGRs of 7% and 6.7% over the past three and five years, respectively. Moreover, the company increased its dividend for 11 consecutive years.

SGU's trailing-12-month Price/Sales of 0.21x is 88.4% lower than the 1.81x industry average. Its trailing-12-month EV/Sales multiple of 0.30 is 92% lower than the industry average of 3.77.

SGU's trailing-12-month asset turnover ratio of 2.12x is 835.2% higher than the industry average of 0.23x. Moreover, its trailing-12-month levered FCF margin is 8.43%, compared to the industry average of negative 9.54%.

SGU's total sales in the fiscal third quarter that ended June 30, 2023, stood at \$300.12 million. For the nine months that ended June 30, 2023, net cash provided by operating activities came to \$102.72 million, compared to net cash used in operating activities of \$31.43 million in the year-ago period.

Moreover, its cash, cash equivalents, and restricted cash increased 522.9% year-over-year to \$57.40 million. As of June 30, 2023, its long-term debt came at \$135.39 million, compared to \$151.71 million as of September 30, 2022.

The stock has gained 34.9% over the past year to close the last trading session at \$11.60.

It's no surprise SGU has an overall B rating, translating to a Buy in our proprietary rating system.

SGU has an A for Quality and a B for Value and Sentiment. It is ranked #6 within the same industry.

For SGU's additional POWR Ratings (Growth, Momentum, and Stability), [click here](#).

Stock #1: Martin Midstream Partners L.P. (MMLP)

MMLP provides terminalling, processing, storage, and packaging services for petroleum products and by-products in the United States. The company operates in four segments: Terminalling and Storage; Transportation; Sulfur Services; and Natural Gas Liquids.

MMLP declared a quarterly cash distribution of \$0.005 per common unit for the quarter that ended September 30, 2023, payable to the shareholders on November 14. Its annualized dividend rate of \$0.02 per share translates to a dividend yield of 0.80% on the current share price. Its four-year average yield is 9.69%.

MMLP's trailing-12-month EV/EBITDA of 5.39x is 5.8% lower than the 5.72x industry average. Its trailing-12-month EV/Sales multiple of 0.70 is 65.7% lower than the industry average of 2.04.

MMLP's trailing-12-month asset turnover ratio of 1.51x is 169.2% higher than the industry average of 0.56x. Moreover, its trailing-12-month levered FCF margin of 12.83% is 122.8% higher than the industry average of 5.76%.

During the first nine months of 2023, MMLP, utilizing free cash flow and a significant reduction in working capital due to the exit from the butane optimization business, reduced total debt by \$53.6 million. As a result, adjusted leverage was decreased to 3.95 times at September 30, 2023, compared to 4.53 times at December 31, 2022.

In the fiscal third quarter that ended September 30, 2023, MMLP's total revenues stood at \$176.70 million. Its operating income came to \$14.70 million, compared to an operating loss of \$12.24 million in the year-ago quarter. Its adjusted EBITDA increased 39.1% year-over-year to \$26.17 million.

For the nine months that ended September 30, 2023, MMLP's net cash provided by operating activities stood at \$106.07 million, compared to net cash used in operating activities of \$16.76 million in the prior year period. Moreover, its cash at the end of the period came at \$54 million, up 20% year-over-year.

The stock has gained marginally intraday to close the last trading session at \$2.48. Over the past six months, it gained

1.2%.

MMLP's robust outlook is reflected in its POWR Ratings. The stock has an overall rating of A, translating to Strong Buy in our proprietary rating system.

MMLP has a B grade for Growth, Value, Sentiment, and Quality. Within the same industry, it is ranked #2.

Beyond what we've stated above, we have also rated the stock for Momentum and Stability. Get all ratings of MMLP here.

What To Do Next?

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

2024 Stock Market Outlook >

AM shares were unchanged in premarket trading Friday. Year-to-date, AM has gained 25.13%, versus a 14.70% rise in the benchmark S&P 500 index during the same period.

About the Author: Sristi Suman Jayaswal



The stock market dynamics sparked Sristi's interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More...

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