



# Whitecap Resources Inc. (SPGYF)

Updated April 25<sup>th</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$5.88	<b>5 Year Annual Expected Total Return:</b>	5.8%	<b>Market Cap:</b>	\$3.5 B
<b>Fair Value Price:</b>	\$5.88	<b>5 Year Growth Estimate:</b>	-3.0%	<b>Ex-Dividend Date:</b>	04/30/2025
<b>% Fair Value:</b>	100%	<b>5 Year Valuation Multiple Estimate:</b>	0.0%	<b>Dividend Payment Date:</b>	05/15/2025
<b>Dividend Yield:</b>	9.0%	<b>5 Year Price Target</b>	\$5.05	<b>Years Of Dividend Growth:</b>	4
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Energy	<b>Rating:</b>	Hold

## Overview & Current Events

Whitecap Resources is a Canadian energy company engaged in the acquisition, development, and production of oil and natural gas across Western Canada. Whitecap operates through four core regions: Northern Alberta & British Columbia, Central Alberta, Eastern Saskatchewan, and Western Saskatchewan. Its asset base is characterized by high-netback, low-decline production and significant infrastructure ownership. The company's portfolio has both light and medium crude oil assets, supported by owned and operated infrastructure such as gas plants and processing facilities. It markets its production domestically and into the U.S., with exposure to benchmark pricing through various sales channels. It pays dividends on a monthly basis. It reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of \$3.5 billion.

On April 23<sup>rd</sup>, 2025, Whitecap Resources reported its first-quarter results for the period ending March 31<sup>st</sup>, 2025. For the quarter, revenue was about \$678 million, an increase from \$625 million in Q1 2024. Net revenue after royalties came in at \$564 million. The change was influenced by modest commodity price dynamics and realized gains of \$9.86 million on commodity contracts, although unrealized losses were not detailed in the quarterly release. Operating income before taxes was about \$397 million, up from \$347 million last year. Net income was \$117 million, or \$0.20 per share, versus \$43 million, or \$0.07 per share, in Q1 2024. We expect EPS of \$1.01 for this year.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	(\$1.27)	\$0.37	(\$0.27)	\$0.11	(\$0.29)	(\$3.55)	\$2.33	\$1.99	\$1.10	\$0.95	<b>\$1.01</b>	<b>\$0.87</b>
<b>DPS</b>	\$0.54	\$0.26	\$0.22	\$0.23	\$0.26	\$0.17	\$0.16	\$0.29	\$0.46	\$0.51	<b>\$0.53</b>	<b>\$0.56</b>
<b>Shares<sup>1</sup></b>	283.9	341.9	371.8	420.6	412.0	408.4	603.1	621.1	608.6	598.1	<b>587.5</b>	<b>580.0</b>

Whitecap's earnings over the past decade have been heavily influenced by the oil price cycle and acquisition activity. From 2015 to 2020, the company experienced persistent earnings volatility, with several years of negative EPS. This period included the 2015–2016 price crash, which led to impairments and weak cash flow, followed by a short recovery that didn't hold. The 2020 pandemic brought a severe downturn, with record-low oil prices and large write-downs, resulting in the lowest EPS of the period.

A sharp turnaround came in 2021 and 2022, as global oil markets tightened. Whitecap benefited from higher commodity prices and transformative acquisitions including NAL, TORC, and XTO Canada, which significantly boosted production and scale. These years marked the company's strongest earnings.

In 2023 and 2024, EPS declined from peak levels as oil prices moderated, differentials widened, and inflation pushed up costs. Nevertheless, Whitecap remained profitable, due to its larger production base and improved operational leverage. Moving forward, we forecast an annual decline of 3% in EPS from its 2025 levels, due to the possibility of weak oil prices, potential FX headwinds, and a relatively shaky macro environment. We have also assumed a 1% growth rate per year on the dividend, as we don't believe management will be aggressive with dividend hikes considering the current outlook.

<sup>1</sup> Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	22.6	---	---	---	---	1.7	3.4	6.9	7.8	5.8	5.8
Avg. Yld.	4.8%	3.1%	3.0%	3.5%	6.5%	6.8%	3.9%	4.3%	6.1%	6.9%	9.0%	11.0%

Investors have historically valued Whitecap at low P/E ratios largely because of the highly cyclical and volatile nature of its earnings. As a commodity producer, Whitecap's profitability is tightly linked to swings in oil and gas prices, which are influenced by global supply-demand dynamics, geopolitical events, and macroeconomic conditions. All of these factors are outside the company's control. Today, shares trade at 5.8 times our projected EPS for the year. We believe this is a rather fair multiple for the stock. The stock's is particularly high as well. However, it does reflect the significant risks of its sustainability.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	70%	---	209%	---	---	7%	15%	42%	54%	52%	64%

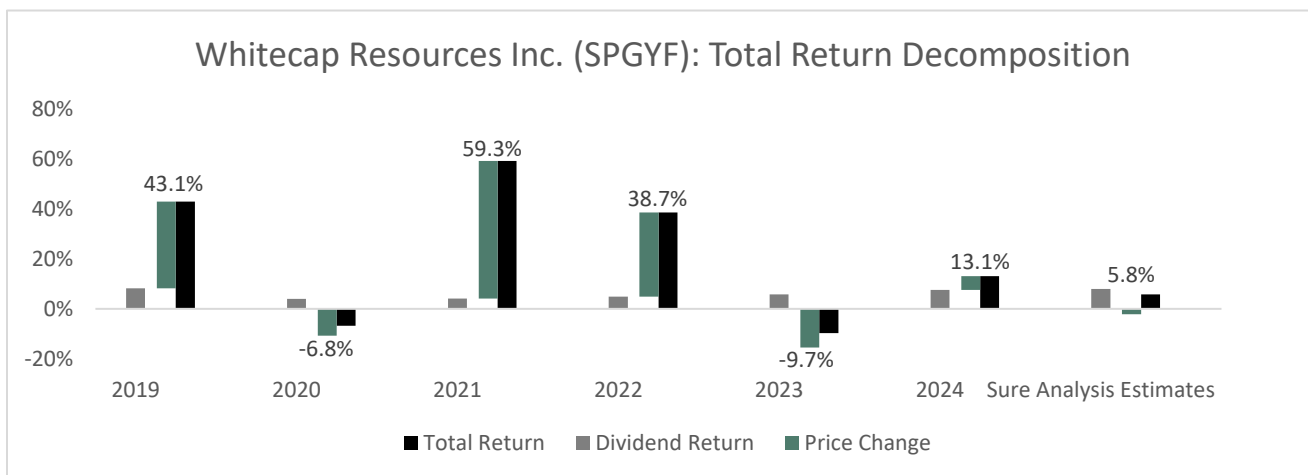
Whitecap operates a high-quality portfolio of low-decline, conventional oil and gas assets across Western Canada, with a strong safety and environmental track record. Its ownership of key infrastructure like gas plants and processing facilities provides cost advantages, operational control, and reliability. The company has also reduced its net debt and improving liquidity, enhancing its ability to weather commodity downturns.

That said, as a pure upstream producer, Whitecap is highly exposed to oil and gas price swings. Earnings can swing wildly with market conditions, limiting recession resilience. The lack of downstream or midstream diversification amplifies this risk. Additionally, regulatory pressures, including emissions targets and carbon pricing, could impact long-term costs and project economics. Despite its scale and efficiency, the business model is fundamentally tied to volatile global energy markets, which is why we remain wary regarding the safety of the dividend despite the modest payout ratio today.

## Final Thoughts & Recommendation

Whitecap offers investors leveraged exposure to oil prices through a high-quality, infrastructure-backed asset base with strong free cash flow potential. Its disciplined capital returns, operational control, and scale make it a compelling choice for those comfortable with commodity risk. We forecast returns of 5.8% per annum through 2030, as the starting yield could be offset by declining earnings. Regardless, we note that this is a highly speculative estimate, as returns will be highly correlated to oil prices that are impossible to predict over many years. The stock earns a speculative hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	488	480	780	1,177	1,096	696	2,149	3,674	2,850	2,873
Gross Profit	(224)	395	371	586	538	338	1,382	2,392	1,751	1,724
Gross Margin	-45.9%	82.4%	47.5%	49.8%	49.1%	48.6%	64.3%	65.1%	61.4%	60.0%
SG&A Exp.	35	29	34	33	54	47	172	305	275	264
D&A Exp.								7	7	9
Operating Profit	(403)	220	118	243	189	14	671	1,377	759	684
Operating Margin	-82.6%	45.8%	15.1%	20.6%	17.3%	2.0%	31.2%	37.5%	26.6%	23.8%
Net Profit	(392)	129	(96)	50	(117)	(1,377)	1,417	1,288	658	593
Net Margin	-80.5%	26.9%	-12.3%	4.3%	-10.7%	-198%	66.0%	35.1%	23.1%	20.6%
Free Cash Flow	23	(319)	(631)	195	179	186	450	1,144	457	508
Income Tax	(84)	52	(28)	22	(36)	(428)	475	422	209	192

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,014	3,809	4,741	4,375	4,102	2,652	5,395	7,022	7,238	6,933
Cash & Equivalents									-	252
Accounts Receivable	55	76	111	89	132	91	239	354	302	294
Goodwill & Int. Ass.	88	91	98	90	94					
Total Liabilities	1,208	1,485	2,090	2,004	1,860	1,870	2,462	3,301	3,110	2,928
Accounts Payable	93	110	121	119	141	96	314	405	384	534
Long-Term Debt	631	574	1,021	922	900	864	828	1,359	1,022	713
Shareholder's Equity	1,806	2,323	2,651	2,371	2,242	782	2,933	3,721	4,129	4,005
LTD/E Ratio	0.35	0.25	0.39	0.39	0.40	1.10	0.28	0.37	0.25	0.18

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-12.4%	3.8%	-2.2%	1.1%	-2.8%	-40.8%	35.2%	20.8%	9.2%	8.4%
Return on Equity	-19.7%	6.2%	-3.8%	2.0%	-5.1%	-91.1%	76.3%	38.7%	16.8%	14.6%
ROIC	-14.9%	4.8%	-2.9%	1.4%	-3.7%	-57.5%	52.4%	29.1%	12.9%	12.0%
Shares Out.	283.9	341.9	371.8	420.6	412.0	408.4	603.1	621.1	608.6	598.1
Revenue/Share	1.72	1.40	2.10	2.80	2.66	1.70	3.56	5.92	4.68	4.80
FCF/Share	0.08	(0.93)	(1.70)	0.46	0.43	0.45	0.75	1.84	0.75	0.85

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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