



# Tamarack Valley Energy Ltd. (TNEYF)

Updated May 7<sup>th</sup>, 2025 by Ian Bezek

## Key Metrics

<b>Current Price:</b>	\$2.70	<b>5 Year CAGR Estimate:</b>	1.2%	<b>Market Cap:</b>	\$1.4B
<b>Fair Value Price:</b>	\$2.31	<b>5 Year Growth Estimate:</b>	0.0%	<b>Ex-Dividend Date:</b>	05/30/25 <sup>1</sup>
<b>% Fair Value:</b>	117%	<b>5 Year Valuation Multiple Estimate:</b>	-3.1%	<b>Dividend Payment Date:</b>	06/13/25 <sup>1</sup>
<b>Dividend Yield:</b>	4.1%	<b>5 Year Price Target</b>	\$2.31	<b>Years Of Dividend Growth:</b>	3 <sup>2</sup>
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Energy	<b>Rating:</b>	Hold

## Overview & Current Events

Tamarack Valley Energy Ltd. is a Canadian energy company. Shares are dual-listed in Canada under the ticker “TVE” and the U.S. with the over-the-counter ticker “TNEYF”. The company’s base reporting currency is Canadian Dollars, but this report will use U.S. Dollar figures except when otherwise noted.

Tamarack Valley Energy has long operated oil and gas assets primarily in the province of Alberta. The company was not prepared for the drop in oil prices in the mid-2010s and it ran large sustained operating losses for many years. The company turned to dilution to survive and shares lost nearly all of their value by 2020. However, the company has bounced back since then. A combination of higher oil prices and shrewd M&A has gotten Tamarack Valley back in the black. In particular, the 2022 purchase of Crestwynd Exploration Ltd was a transformational deal that gave Tamarack Valley the scale to achieve more consistent profitability. However, earnings have dipped again more recently as oil prices have retreated from their highs.

On May 7<sup>th</sup>, Tamarack Valley Energy reported its Q1 2025 results. Earnings per share of nine cents were a significant improvement from the five cent loss reported for the same period of 2024. The increase was due to both better production volumes and higher realized energy prices. The company reported 67,697 total barrels of energy a day in production for Q1, up 9% year-over-year. Meanwhile, the company realized significantly higher prices on crude oil, including \$92 CAD (\$67) per barrel for its light oil production. However, oil has dropped sharply in recent weeks and is now below \$60/barrel, and Albertan oil often trades at a discount to that benchmark, suggesting substantial downside to earnings for the rest of the year as compared to Q1. While Q1 was strong, we maintain a flat outlook for Tamarack Valley Energy’s overall 2025 compared to last year given weaker oil prices, tariffs, and macroeconomic uncertainty.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	-\$0.14	-\$0.17	-\$0.05	\$0.12	-\$0.13	-\$1.09	\$0.84	\$0.55	\$0.13	\$0.21	<b>\$0.21</b>	<b>\$0.21</b>
<b>DPS</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09	\$0.11	\$0.11	<b>\$0.11</b>	<b>\$0.11</b>
<b>Shares</b>	91	122	225	234	225	223	361	464	560	547	<b>547</b>	<b>600</b>

Tamarack Valley Energy overextended its balance sheet during the early 2010s oil boom. This led to massive downside for Tamarack Valley’s shares in the late 2010s as the company had to dilute its investors to make it through the slump. The company’s more recent M&A has been fairly successful, building up the company’s production base tremendously and generating benefits of scale. However, given the company’s long history of unprofitability and high correlation to oil and natural gas prices, future earnings have a wide range of potential outcomes. We are forecasting flat earnings per share for the foreseeable future, and we expect a roughly flat dividend payout as well.

The company pays a monthly dividend. The payout is currently CAD 0.0127 cents per share per month. The company increased its dividend by 1.6% from the old payout of CAD 0.0125 cents per share per month in October 2024, thus keeping the company’s Canadian Dollar-based annual dividend growth streak intact.

<sup>1</sup> Estimated date.

<sup>2</sup> As measured in its home currency of Canadian Dollars.

*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	--	--	--	13.8	--	--	4.1	7.2	18.4	16.0	<b>12.9</b>	<b>11.0</b>
Avg. Yld.	--	--	--	--	--	--	--	3.0%	3.7%	3.6%	<b>4.1%</b>	<b>4.8%</b>

Tamarack Valley Energy has been unprofitable for five years out of the past decade. It also quintupled its outstanding share count over that span. This makes past historical valuation comparisons more difficult. That said, over the past few years, Tamarack Valley has roughly averaged an 11x P/E ratio, and that seems reasonable going forward. The firm's current dividend yield of 4.1% is above where the yield has been for the past three years.

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

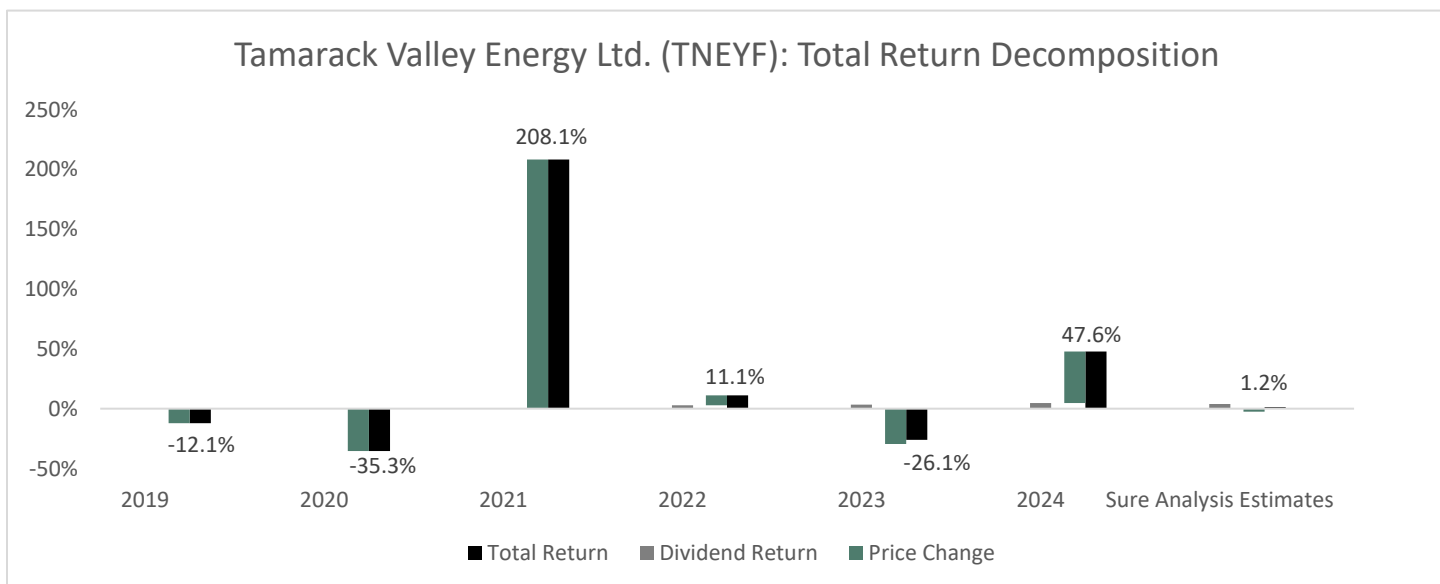
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	--	--	--	--	--	--	--	16%	85%	52%	<b>52%</b>	<b>52%</b>

The oil and gas industry is known for boom-and-bust cycles and Tamarack Valley Energy is no exception. Tamarack Valley Energy's stock price traded down to as low as \$0.30 during the pandemic. It's a credit to management that the company was able to pull out of that downward spiral and recover a meaningful degree of shareholder value in subsequent years. However, the company remains speculative and is highly levered to oil and gas prices. Potential tariffs on Canada could impact oil producers such as Tamarack Valley. In addition, the company has been extremely active in M&A. Its recent deals have largely generated shareholder value, but there could be missteps in the future. The company has \$556 million of net debt on its balance sheet as of March 31th. That's a hefty figure compared to its market cap.

## Final Thoughts & Recommendation

Tamarack Valley Energy's management team deserves credit for getting the company back to profitability after nearly going bust during the pandemic. It's been a remarkable turnaround, and strong future execution could potentially lead to upside. However, we are uncomfortable modeling earnings growth going forward given its high reliance on fickle crude oil prices, along with the large debt load which could constrain future reinvestment opportunities. While the 4.1% monthly dividend is an appealing feature, we see just 1.2% annualized returns from here as multiple compression will weigh on returns. Shares earn a hold rating today.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	83	87	220	308	288	166	559	1,124	1,277	1,270
Gross Profit	(3)	(2)	18	68	65	(2)	214	473	372	426
Gross Margin	-3.3%	-2.4%	8.3%	22.1%	22.6%	-0.9%	38.3%	42.1%	29.2%	33.5%
SG&A Exp.	8	8	13	17	17	12	19	27	33	37
D&A Exp.									465	426
Op. Profit	(12)	(12)	2	48	45	(20)	179	403	263	326
Op. Margin	-13.8%	-13.3%	1.1%	15.5%	15.8%	-12.3%	32.0%	35.8%	20.6%	25.7%
Net Profit	(14)	(21)	(11)	30	(29)	(232)	311	265	70	118
Net Margin	-16.3%	-24.1%	-4.9%	9.6%	-10.2%	-140.2%	55.7%	23.6%	5.5%	9.3%
Free Cash Flow	(46)	(61)	(127)	6	20	(58)	(279)	(463)	72	278
Income Tax	(7)	(3)	(3)	16	(11)	(65)	103	76	35	34

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	396	492	960	928	955	806	1,826	3,404	3,174	2,779
Cash & Equivalents									2	5
Accounts Receivable	7	10	27	10	26	19	56	108	76	88
Total Liabilities	128	144	345	331	362	406	837	1,810	1,534	1,301
Accounts Payable	23	19	41	31	29	31	57	253	152	139
Long-Term Debt	60	34	130	119	148	165	374	881	687	530
Shareholder's Equity	267	348	615	597	592	400	989	1,594	1,639	1,478
LTD/E Ratio	0.22	0.10	0.21	0.20	0.25	0.41	0.38	0.55	0.42	0.36

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-3.3%	-4.7%	-1.5%	3.1%	-3.1%	-26.4%	23.7%	10.1%	2.1%	4.0%
Return on Equity	-5.1%	-6.8%	-2.2%	4.9%	-4.9%	-46.9%	44.9%	20.5%	4.3%	7.6%
ROIC	-4.0%	-5.9%	-1.9%	4.0%	-4.0%	-35.6%	32.3%	13.8%	2.9%	5.5%
Shares Out.	91	122	225	234	225	223	361	464	560	547
Revenue/Share	0.92	0.71	0.98	1.32	1.28	0.74	1.55	2.42	2.28	2.32
FCF/Share	(0.51)	(0.50)	(0.56)	0.03	0.09	(0.26)	(0.77)	(1.00)	0.13	0.51

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

### Disclaimer

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