

Thinking & Looking Outside the Box: 10 Investment Ideas



Enterprise Group Inc. (E:TSX.V: ETOLF:OTC): a leaner company to benefit from Canada's energy resurgence...and LNG exports

Long before the U.S. energy industry was hit over the head with a 2" by 4" early last year, the Canadian oil and gas sector had been in the dumps for several years. Negative pricing had not prior been that much of an aberration at times where either heavy oil or excess natural gas production was concerned for many Canadian producers. A lot of them bit the dust over the last decade *and many service providers along with them.*

For St. Albert, Alberta-based Enterprise—a company I have known and followed for over a decade—it was a tough road. Along the way this consolidator of equipment and entire businesses servicing the construction and energy industries had to do some serious consolidation of itself to weather the multi-year energy bear market in Canada. It has successfully done so. **And now a leaner, somewhat retooled and refocused Enterprise Group is poised for a potentially dramatic comeback.**

When I have spoken the last couple times with the company's Senior V.P. Des O'Kell, his renewed exuberance is unlike anything I've heard from him in years. And to Yours truly that means something; not as much because O'Kell is jubilant about his company's prospects today, but that he NEVER sugar coated the more subdued environment over the last several years at any time when we visited along the way. *That's the kind of straightforward management you look for in a small company.*

When you take some time to peruse Enterprise's web site (it's at <https://www.enterprisegrp.ca/>) you will get a better handle on the diversity of the company's businesses, which it has begun to augment once more in this better environment. As O'Kell told me, so powerful has the rebound been in Canada that its larger, client companies have gone from just battering down their hatches to—for the first time in several years—meaningfully spending money on repairs, development and more.

Of all the business Enterprise should be earning/earning back in the years ahead, **the Big Kahuna is its part in LNG Canada's path to development and its first exports slated for 2025.** This is by far and away the single-largest undertaking financially in Canada's energy history, and it further is taking on new significance now with the energy shortages and angst overseas, where natural gas and compressed LNG prices recently have been several times higher than North American prices. **To gear up for this and otherwise as "upstream" companies require their services anew, Enterprise is poised to perform better than it has in quite a few years.** For more on LNG Canada, take a look at <https://www.fluor.com/projects/lng-canada-export-facility>; this is through Fluor, Inc's (NYSE-FLR) own "lens" given its part in construction.

Putting its own money where its mouth is, **management and other insiders have been consistently buying stock;** they now own about a third of the company. Purchases of stock in the market continue as well. The company recently rolled its credit facility into a new and much larger one recently to help it better capitalize on the opportunities and business rapidly coming back.

Operationally, after treading water for so long, I expect to see Enterprise's quarterly financial performance enjoy a rebound in revenues and earnings again in big chunks. **And as a value proposition, consider that the company's share price as of late October was still well less than half its net book value.**

A more solid turnaround story in energy—and one still unknown to the markets, by and large, which have long forgotten Enterprise, even in Canada—will be hard for you to find.

① *Chris Temple is editor and publisher of The National Investor. He has had an over 40-year career now in the financial/investment industry. Temple is a sought-after guest on radio stations, podcasts, blogs and the like all across North America, as well as a sought-after speaker for organizations. His ability to help average investors unravel, understand and navigate today's markets is unparalleled; and his ability to uncover "off-the-radar" companies is likewise.*

His commentaries and some of his recommendations have appeared in Barron's, Forbes, CBS Marketwatch, Wall Street's Best Investments/The Cabot Group, Kitco.com, the Korelin Economics Report, Benzinga.com, Palisade Radio, Mining Stocks Education, Mining Stock Daily and other media.