



## Suncor Smoked the Estimates

### Description

**Suncor Energy** (TSX:SU,NYSE:SU) is off to a great Tuesday morning. The stock is up 3.5% thus far after quarterly results released last night handily topped expectations.

Operating earnings of \$0.90/share blew away the consensus estimate of \$0.75/share and handily topped the year ago figure of \$0.84/share.

Not only were earnings strong but a 54% hike to the quarterly dividend and a re-load on the company's \$2 billion share buyback have many a Suncor shareholder dancing a jig this morning.

With a dividend payout of \$0.20 per quarter, Suncor now yields 2.6%. This yield is up from 1.7% under the old payout and brings it more in-line with industry juggernaut **Exxon** ([NYSE:XOM](#)) and its 2.9% yield.

A record-setting quarter from the company's Refining and Marketing business helped offset a difficult, but still solid quarter out of the upstream oil sands operations. Given the pricing difficulties that Canadian oil sands producers have had there were some question marks about how Suncor might be impacted. Clearly, the value of the company's integrated model shone through.

The only flag that I noticed was the decline in Return on Capital Employed that has occurred over the past year. In the first quarter a year ago, this figure checked in at 14.7%. It measured just 7.1% in this year's first quarter, however charges related to the company's shelved Vogeur refinery impacted this measure by 4%.

The stock's rock bottom valuation helps one look past this issue with ROCE.

With its move to substantially hike the dividend, Suncor is gradually becoming a go-to option for dividend investors. But if you like dividends, you need to [click here](#) to receive our special report titled "**13 High-Yielding Stocks to Buy Today**". This report is absolutely FREE and will have you rolling in dividend cheques before you know it. You are just [one click](#) away from dividend nirvana!

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*Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool has no positions in the stocks mentioned above.*

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:XOM (Exxon Mobil Corporation)
3. TSX:SU (Suncor Energy Inc.)

## Category

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