



Suncor Energy vs. Imperial Oil: Which Is the Better Bet for Your Portfolio?

Description

The integrated oil and gas industry comprises companies involved in the exploration, production, refinement and distribution of the two precious resources. These entities typically have worldwide operations with major activities in exploration/production and refining/marketing operations.

Let's compare **Imperial Oil** ([TSX: IMO](#))([NYSE: IMO](#)) and **Suncor Energy** ([TSX: SU](#))([NYSE: SU](#)) to see how they stack up as contenders for a spot in your portfolio.

- **2013 net earnings:** Imperial Oil's net earnings for 2013 came in at \$2.8 billion. Suncor Energy's net earnings for 2013 came in at \$3.9 billion.
- **Q1 2014 earnings:** Imperial Oil had Q1 2014 net earnings of \$946 million versus \$798 million for Q1 2013. Suncor Energy had Q1 2014 net earnings of \$1.5 billion versus \$ 1.094 billion for Q1 2013.
- **Recent cash flow:** Imperial Oil had cash flow from operations of \$1.1 billion for Q1 2014. Suncor Energy had record cash flow from operations of \$2.9 billion for Q1 2014.

Operations

Imperial Oil is one of Canada's largest producers of crude oil and natural gas. The company is Canada's largest petroleum refiner and boasts a nationwide supply network, which includes approximately 1,850 service stations.

Suncor Energy's operations involve oil sands development and upgrading, conventional and offshore oil and gas production, petroleum refining, and product marketing (the Petro-Canada brand). Petro-Canada has a network of over 1,500 retail and wholesale outlets across Canada.

Growth projects

Imperial Oil is concentrating its capital and exploration spending on major upstream growth projects. These include the Kearl expansion and the Nabiye project at Cold Lake. The Kearl expansion project will add 110,000 barrels per day (78,000 represent Imperial Oil's share). This expansion project is on track to begin in 2015. The Nabiye project will include new producing well pads and a new bitumen-

processing plant. This will add over 40,000 barrels a day of production.

Suncor Energy's oil sands operation is its growth driver. The company holds one of the largest positions in the oil sands. Concerning Q1 2014, Suncor president and CEO, Steve Williams, said, "Investments made at Oil Sands increased our operational flexibility, allowing us to produce higher margin barrels. Our integrated model combined with improved market access allowed us to maximize the value of every barrel we produced."

Dividends

Imperial Oil's dividend yield is 0.9% and its dividend rate is \$0.52. Its five-year average dividend yield is 1%. Its annual per-share dividends paid have increased 19 years in a row.

Suncor Energy's dividend yield is 2% and its dividend rate is \$0.92. Its five-year average dividend yield is 1.5%. Suncor increased its dividend to shareholders in May 2013 (by 54%) and this past February (by 15%).

Suncor and Imperial Oil offer diverse opportunities for income investors. May this brief comparison aid you in your research of these two integrated oil and gas companies.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:IMO (Imperial Oil Limited)
4. TSX:SU (Suncor Energy Inc.)

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