



## Suncor Energy Inc. or Imperial Oil Limited: Which Is the Better Buy Today?

### Description

**Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and **Imperial Oil Limited** ([TSX:IMO](#))(NYSE:IMO) are two of the largest integrated energy companies in North America, and both of their stocks represent attractive long-term investment opportunities today.

However, in order to stay diversified, we must only buy one, so let's take a closer look at each company's earnings results in the first nine months of fiscal 2015, their stocks' valuations, and their dividends to determine which is the better buy today.

#### Suncor Energy Inc.

Suncor's stock has fallen nearly 1% year-to-date, including a decline of over 2% since it announced its earnings results after the market closed on October 28 for its three- and nine-month periods ended on September 30, 2015. Here's a summary of eight of the most notable statistics from the first nine months of fiscal 2015 compared with the first nine months of fiscal 2014:

1. Operating earnings decreased 64.8% to \$1.49 billion
2. Operating earnings per share decreased 64.2% to \$1.03
3. Revenues and other income decreased 26.5% to \$23.09 billion
4. Cash flow from operations decreased 27.1% to \$5.51 billion
5. Total production increased 9.2% to 576,100 barrels of oil equivalent per day
6. Suncor's share of Syncrude production decreased 0.7% to 29,400 barrels per day
7. Refinery crude oil processed increased 2.3% to 432,700 barrels per day
8. Refinery utilization improved 200 basis points to 94%

At today's levels, Suncor's stock trades at 22.2 times fiscal 2015's estimated earnings per share of \$1.65 and 20.9 times fiscal 2016's estimated earnings per share of \$1.75, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 37.2 and the industry average multiple of 29.5.

In addition, Suncor pays a quarterly dividend of \$0.29 per share, or \$1.16 per share annually, giving its stock a 3.2% yield. It is also important for investors to note that it has raised its annual dividend

payment for 13 consecutive years.

## Imperial Oil Limited

Imperial Oil's stock has fallen over 16% year-to-date, including a decline of over 5% since it announced its earnings results before the market opened on October 30 for its three- and nine-month periods ended on September 30, 2015. Here's a summary of eight of the most notable statistics from the first nine months of fiscal 2015 compared with the first nine months of fiscal 2014:

1. Net income decreased 67.2% to \$3.11 billion
2. Earnings per diluted share decreased 67.2% to \$1.20
3. Revenues and other income decreased 28.6% to \$20.66 billion
4. Cash flow from operating activities decreased 46.8% to \$1.76 billion
5. Total production increased 15.3% to 355,000 barrels of oil equivalent per day
6. Imperial's share of Syncrude production decreased 3.3% to 59,000 barrels per day
7. Refinery throughput volume decreased 4.2% to 385,000 barrels per day
8. Refinery capacity utilization contracted 300 basis points to 92%

At today's levels, Imperial's stock trades at 20.9 times fiscal 2015's estimated earnings per share of \$2.00 and 17 times fiscal 2016's estimated earnings per share of \$2.46, both of which are inexpensive compared with the industry average price-to-earnings multiple of 29.5, but are expensive compared with its five-year average multiple of 13.

Additionally, Imperial Oil pays a quarterly dividend of \$0.14 per share, or \$0.56 per share annually, giving its stock a 1.3% yield. It is also very important to note that it has raised its annual dividend payment for 20 consecutive years.

## Which energy stock is the better buy today?

Here's how each company ranks when comparing their earnings results, their stocks' valuations, and their dividends:

Metric	Suncor Energy	Imperial Oil
Earnings Strength	1	2
Forward Valuations	1	2
Dividend Yield	1	2
Dividend Growth	2	1
<b>Average Ranking</b>	<b>1.25</b>	<b>1.75</b>

As the chart above shows, Imperial Oil has a longer streak of annual dividend increases, but Suncor reported better earnings results in the first nine months of fiscal 2015, its stock trades at more attractive forward valuations compared with its averages, and it has a higher dividend yield, giving it the easy win in this match up. All Foolish investors should strongly consider initiating positions today.

## CATEGORY

1. Energy Stocks
2. 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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