



## Another Reason Why Suncor Energy Inc. Is an Excellent Long-Term Value Play

### Description

Canadian oil producers have been hit hard across the board of late, relating to a number of key headwinds that have taken hold of the oil sector, particularly in Canada. The discount many Canadian producers receive to WTI due to the heavy, sludgy nature of Canadian oil produced from the oil sands has resulted in forecasts being slashed for many Canadian oil and gas firms, reducing the attractiveness of Canadian oil plays relative to global counterparts across the board.

That being said, one company I have [touted](#) for some time as a way to gain exposure to oil with very limited exposure to Canadian heavy oil discounts is **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)). Suncor's diversified operations, both geographically and vertically, provide the company with earnings which have improved dramatically, as Canadian oil prices continue to stagnate. Suncor continues to outperform its Canadian peers from an operational standpoint, and I anticipate this trend to continue long term.

Another reason Suncor deserves to be considered as a top portfolio holding is the company's relatively strong dividend compared to its peers. In addition to the long-term growth and capital appreciation one might expect from a company such as Suncor, the company's current yield of nearly 3% offers an attractive income stream for investors seeking regular income in addition to capital appreciation.

During Suncor's most recent earnings release earlier this month, the [announced dividend hike](#) of more than 12% resulting from drastically improving bottom-line numbers has many, including me, bullish on the long-term ability of Suncor to continue growing its dividend and become a true dividend champion for any investor's long-term portfolio.

In general, my stance has been to look not only at a company's dividend yield, but also to pay special attention to the rate of growth with respect to how the company's dividend payout grows over time. Remember: a dividend growing at 10% over time combined with a stock price that also grows around 10% per year will result in a yield that appears stable over time; that being said, an investor who's bought the stock and held on to that stock for years will see a much higher yield than what may currently be listed due in large part to patience and the ability to recognize dividend growth where others may be chasing short-term yield (and adding excess portfolio risk unknowingly).

### **Bottom line**

The number of companies out there with yields in the 3% range are many; the number of companies out there with dividend-growth rates in the 12-13% range, however, are few and far between. For investors looking for a long-term hold with the ability to achieve significant income over a long time frame, Suncor is a great option to consider.

Stay Foolish, my friends.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

### **PARTNER-FEEDS**

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