



TFSA and RRSP Investors: Hold This Dividend Stock Forever

Description

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is an [integrated energy company](#) headquartered in Calgary, Alberta. The company owns one of the world's largest petroleum resource basins: Canada's Athabasca oil sands. In addition, the company explores for, acquires, develops, produces, and markets crude oil and natural gas in Canada and internationally.

Suncor transports and refines crude oil, and the company also conducts [energy trading activities](#) focused principally on the marketing and trading of crude oil, natural gas, and byproducts. The company also operates a renewable energy business as part of the overall portfolio of assets.

The company trades inexpensively with a price-to-earnings ratio of 13.43, a price-to-book ratio of 1.44, and market capitalization of \$65 billion. Debt is very sparingly used at Suncor, as evidenced by a debt-to-equity ratio of just 0.39. The company has excellent performance metrics with an operating margin of 16.28% and a return on equity of 10.39%.

Suncor focuses on delivering competitive and sustainable returns to shareholders. The company implements several operational excellence initiatives and enforces strict capital discipline criteria when making an investment. Suncor also always looks to optimize asset utilization and strives to attain long-term profitable growth.

Suncor has always been more committed to environmental stewardship and sustainability than the company's oil and gas peers. Suncor's competitive advantages include low-decline oil sands reserve base, a highly efficient downstream business, an offshore business that provides geographically diversified cash flow, and significant financial strength.

Suncor's growth and development plan is focused on projects and initiatives that are expected to create long-term value for the company through cash flow growth, such as optimizing production rates at Fort Hills following the successful ramp up in 2018, Syncrude asset optimization, development of operating synergies, and value developments and asset extensions within the company's offshore business.

The company's significant long-life, low-decline reserves base combined with industry expertise allows

the company to execute improvement strategies at existing assets, such as the deployment of autonomous haul trucks, that are expected to generate additional value for years to come.

In addition, the company's regional oil sands advantage provides the company with the economies of scale required to further develop in-situ resources in a low-cost manner under the company's replication strategy.

Suncor also optimizes profit along each step of the value chain through integration of the company's oil sands assets with the company's midstream and refining assets. This integration helps to significantly shield Suncor from the effects of western Canadian crude price differentials. Suncor's midstream assets provide the logistical flexibility to move production to a wide range of markets.

Suncor aims to get the most out of assets through a focus on operational excellence. Driving down costs and a continued focus on improved productivity has always been a huge focus for Suncor. The company strives to achieve maximum value from operations.

Overall, Suncor is a great Canadian oil company and should provide excellent returns to long-term shareholders. The company owns some of the best oil and gas assets in the world, pays a generous dividend, and opportunistically engages in buybacks.

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