



## Better Buy Today: Enbridge (TSX:ENB) or Suncor (TSX:SU)?

### Description

Canada's large energy sector was one of the first to take a major hit due to the COVID-19 pandemic. Oil and gas demand have cratered due to lockdowns around the world. However, Canadian provincial governments are on the path to gradual reopening.

The timeline is murky in provinces like Ontario, but leaders are hinting at a light at the end of the tunnel. Today, I want to look at two top Canadian energy giants; **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **Suncor** ([TSX:SU](#))([NYSE:SU](#)).

Which is the better buy right now? Let's dive in.

### Enbridge

Enbridge is the largest energy infrastructure company in North America. Shares of Enbridge have dropped 19% over the past three months as of close on May 12. However, the stock has increased 13% over the past month. The company released its first quarter 2020 results on May 7.

Adjusted earnings rose to \$1.66 billion or \$0.83 per share compared to \$1.64 billion or \$0.81 per share in the prior year. Moreover, adjusted EBITDA was mostly flat in the year-over-year period.

Enbridge exceeded expectations in Q1 2020 on the back of record volumes on the Liquids Mainline, promising progress on synergy capture within its Gas Distribution and Storage Business, and strong use of its Texas Eastern gas transmission system.

Earlier this month, I'd explained why [Enbridge was a steal](#) at its current price. At the time of this writing, the stock had a favourable price-to-book value of 1.5. Moreover, Enbridge offers a quarterly dividend of \$0.81 per share, which represents a tasty 7.1% yield. The stock is trading in the middle of its 52-week range.

## Suncor

Suncor is one of the largest integrated energy companies in Canada. Its shares have dropped 38% over the past three months. The company released its first-quarter 2020 results on May 5.

In this case, Suncor took a bigger hit due to the negative impacts of the COVID-19 pandemic. Funds from operations fell to \$1.00 billion compared to \$2.58 billion in the prior year. Cash flow from operating activities dropped to \$0.91 per share over \$0.98 per share in Q1 2019.

Suncor's net loss swelled to \$3.52 billion or \$2.31 per share in Q1 2020, compared to net earnings of \$1.47 billion or \$0.93 per share in the previous year.

The company took a hit in Q1 2020, but remains confident in its ability to weather this crisis. Suncor elected to reduce the 2020 capital expenditure range to \$3.6 billion to \$4 billion. Moreover, Suncor has reiterated its commitment to rewarding shareholders.

The board of directors approved a reduction in its quarterly distribution to \$0.21 per share compared to \$0.465 per share, which now represents a 3.5% yield.

While Suncor failed to turn a profit in the first quarter, its stock still possesses a favourable P/B value of 0.9.

## Which is the better buy today?

Back in February, I'd discussed why Warren Buffett had [added to his position](#) in Suncor.

Today, I'm more bullish on Enbridge. It has proven resilient in the face of the COVID-19 pandemic and still boasts an attractive dividend payout.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SU (Suncor Energy Inc.)

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