



Suncor Energy (TSX:SU) Reports a Big Loss in Q2—Will Peers Follow?

Description

Shares of the integrated oil giant **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) have been trading largely flattish for the last three months. The narrow range can now be breached after it's weaker than expected performance in the second-quarter reported on July 22.

Suncor Energy's Q2 earnings

For the quarter ended June 30, Suncor Energy [reported](#) revenues of \$4.2 billion, a decline of almost 58% compared to the same quarter last year. Lower demand driven by the pandemic drove crude oil prices lower which dominated its performance.

The company reported one of the worst quarters with a net loss of \$1.5 billion in the last three months. Total production dropped to around 655,500 barrels of oil per day, a drop of nearly 18% compared to a year earlier.

Notably, the company management expects the pandemic to have a material impact on its earnings for the rest of 2020.

Suncor Energy has maintained its production outlook for the year. On the capital expenditure front, the company plans to spend approximately \$3.8 billion this year, lower than its original planned spending of \$5.7 billion.

What's in store for TSX energy stocks?

Notably, Suncor Energy is among the first few energy companies to report Q2 earnings among **TSX** energy bigwigs. Its poor performance can be seen as a harbinger of the gloomy earnings season for the entire Canadian energy space.

TSX energy stocks were some of the top performers and largely contributed to the broader market rally in the last quarter. However, weaker than expected earnings could create meaningful downward

pressure on energy stocks.

Peer energy giants **Cenovus Energy** and **Husky Energy** are also expected to report their Q2 earnings this week. These stocks have substantially rallied on the back of crude oil price recovery in the last three months. However, gloomy numbers could alter the sentiment, and these stocks could reverse the momentum.

Suncor Energy in the longer term

Suncor Energy looks well placed from the liquidity standpoint and will likely survive the crisis. Moreover, it could display some of the faster recoveries in the sector due to its large downstream operations.

The downstream segment should compensate for the upstream segment's underperformance when crude oil turns lower. Notably, Suncor Energy owns and operates more than 1,500 retail and wholesale fuel outlets in North America.

Suncor Energy stock has lost almost 50% so far in 2020. It is currently trading at a price-to-book value ratio of 0.9 times. Though the stock does not look expensive, a full recovery in Suncor Energy might take time. Analysts expect continued losses for the second half of 2020.

[Energy markets continue to look gloomy](#) due to comparatively lower crude oil prices and the pandemic. A prolonged pandemic could make the situation notably bleaker.

On a positive side, Suncor Energy pays handsome dividends that yield 3.5%. These dividends could offset a potential stock price weakness to some extent. Notably, Suncor Energy's presence in the entire supply chain could underpin a relatively faster recovery compared to peers.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Date

2025/08/16

Date Created

2020/07/23

Author

vinitkularni20

default watermark

default watermark