



Suncor (TSX:SU) Stock Is a Top Value Stock to Buy Right Now

Description

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) has been hit hard in recent years. In spite of this, we cannot lose sight of the fact that this is one solid company. The company has spent years investing in its business. It has a solid strategy built on risk minimization and sustainability. Suncor is a bright example in a difficult industry.

At Motley Fool, [we are constantly looking for value](#). As the TSX continues to perform well, it seems difficult to find value stocks. But I have found it in Suncor stock. Here's why Suncor is a top value stock to buy right now.

Suncor stock provides a generous dividend yield of 5.3%

Suncor cut its dividend earlier this year. This was a move that, only a couple of years ago, would be unthinkable. Suncor was the pillar of strength in the oil and gas world. It was the oil and gas stock that was considered the sure thing for reliable dividend income. Well, all of this came crashing down as the struggles of the oil and gas industry mounted. The pandemic was the straw that broke the camel's back.

Today, Suncor is yielding 5.3%. It is a dividend that is supported by Suncor's strong asset base. It's also supported by Suncor's cash flow-rich business model. The stock trades well below its book value of over \$25. Suncor's value is reflected in its price-to-book multiple of 0.7 times.

The price of oil has hovered around the \$40 level since June after having been crushed earlier this year. Suncor's third-quarter results will reflect this strength. This should light a fire under the stock and send it higher. I expect investors will then pay attention to the value in Suncor stock.

Suncor is a top value stock to buy for its diversification

In difficult times, diversification saves the day. As does a strong balance sheet. Suncor has both. Its debt level is reasonable and in line with its peers. And its business model stands the test of time.

Suncor is somewhat unique for its integrated business model, which proves very useful in difficult times like these. Being an integrated oil company, Suncor has exposure not only to the production side of the business, but also to the refining and marketing business. What this means is that Suncor is sheltered from the volatility of the more focused oil and gas producers.

Suncor invests in sustainability

One major hurdle that Suncor and all oil and gas stocks are facing is the negative impact that they are having on the environment. For its part, Suncor is trying to invest in the future. Its stated greenhouse gas emissions goal is to “harness technology and innovation to reduce our emission intensity by 30% by 2030.”

Suncor plans to use more co-generation facilities to achieve this. This is a highly efficient technology that reduces waste. Suncor will also invest in other technologies to change the way the company extracts and processes the oil sands. Lastly, Suncor is researching carbon capture and conversion technologies.

Finally, the company’s initiative also includes investing in lower carbon forms of energy. Suncor has even dipped its toes into [renewable energy such as wind and biofuels](#). This signals this \$24.5 billion company’s intention to be around for the long term.

Motley Fool: The bottom line

Suncor is top value stock to buy for the reasons discussed in this article. Oil and gas companies will continue to be essential, as we transition to cleaner energy. The oil and gas industry has taken many major blows and this has brought the industry to its knees. But today, this Motley Fool article explains why Suncor stands out as an energy stock that’s a top value play.

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karenjennifer

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