



## 2 Cheap Energy Stocks to Buy Right Now

### Description

Yesterday, **Pfizer** and **BioNTech** announced that their vaccine was 90% effective in preventing the spreading of COVID-19 infection among those with no prior evidence of infection. Pfizer and BioNTech could file for an Emergency Use Authorization (EUA) with the U.S. Food and Drug Administration (FDA) soon after achieving the necessary safety milestones.

The vaccine could help governments worldwide ease restrictions, thus returning life and businesses to pre-pandemic ways. So, the optimism led the oil prices and energy stocks to rise higher on Monday. Amid the renewed interest in the energy sector, here are the two cheap energy stocks you could buy before their stock price takes off.

### Suncor

Yesterday, **Suncor Energy's** ([TSX:SU](#))([NYSE:SU](#)) stock price rose to a high of \$19.75 before closing at \$19.05, representing a 24.6% increase from its previous day's closing price. The optimism over the development of the COVID-19 vaccine and rebound in oil prices drove its stock price. Despite yesterday's surge, the company still trades over 55% lower for this year. The decline in the demand for crude oil and refined products amid the pandemic-infused lockdown has weighed on its financials and stock price.

In the [third quarter](#), Suncor Energy reported an operating loss of \$302 million compared to an operating profit of \$1.11 billion in the previous year's quarter. The decline in realization from crude oil and refined products, lower upstream production, and decline in refinery throughput weighed on its financials. Meanwhile, the company's operating losses represent a significant improvement from its second-quarter operating losses of \$1.49 billion.

Further, the company's management has stated that all its maintenance activities are complete, and all the company's assets have returned to normal operating levels. So, amid the improvement in oil prices, I expect the company's fourth-quarter performance to be much better. Further, Suncor Energy's valuation looks attractive, with its forward enterprise value-to-earnings multiple currently standing at 1.6.

Given the improvement in oil prices, the increase in its upstream production and refining activities, and its attractive valuation, I am bullish on Suncor Energy.

## Pembina Pipeline

Yesterday, amid the rise in oil prices, **Pembina Pipeline's** ([TSX:PPL](#))([NYSE:PBA](#)) stock price rose 6.1%. However, the energy infrastructure company has lost 41% of its stock value this year due to weaker oil demand amid the pandemic.

In its September ending quarter, its diluted EPS declined by 22.7% year-over-year to \$0.51, while its adjusted cash flow from operating activities fell 8.7% per share. The weak crude oil and NGL (natural gas liquids) prices and lower marketed NGL volumes lowered its margins. However, higher gross profits from its base businesses – pipeline and facilities – due to Kinder Morgan Canada's acquisition offset some of the declines.

Despite the weaker performance, Pembina Pipeline's adjusted EBITDA increased from \$736 million to \$796 million, mostly due to the increased asset base from its acquisitions. For 2020, the management expects its adjusted EBITDA to be in the range of \$3.25 billion to \$3.30 billion.

Meanwhile, the company runs a highly contracted business, with around 95% of its adjusted EBITDA supported by long-term, fee-based contracts, providing stability to its cash flows. The decline in the Pembina Pipeline's stock price has made its dividend yield and valuation attractive. The company's dividend yield currently stands at 8.9%, while its forward price-to-earnings multiple stands at 14.4.

With an improvement in the oil prices, I expect the company's marketing and new venture segment to deliver improved numbers in the fourth quarter. So, given its attractive dividend yield and valuation, Pembina Pipeline can deliver [superior returns over the next three years](#).

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:SU (Suncor Energy Inc.)

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