



## How Does Suncor Stock Look After Earnings?

### Description

Last month, I'd looked at the [prospects](#) for **Suncor** ([TSX:SU](#))([NYSE:SU](#)) for the rest of 2021. Shares of Suncor have climbed 26% in 2021 as of early afternoon trading on May 4. The stock is up 13% from the prior year. Today, I want to discuss the reasons the top energy stock has been on a run to start 2021. Moreover, I'll look at its recent earnings release. Let's jump in.

### Why Suncor has gained momentum over the past year

Oil and gas prices have been on the [rebound](#) as the global economy is bouncing back from the COVID-19 pandemic. That said, countries like India are suffering from the worst bouts of the virus' spread since the beginning of 2020. Fortunately, the vaccine rollout in the United States has been a massive success and Canada is starting to catch up as we look ahead to the summer.

The price of West Texas Intermediate (WTI) Crude rose above US\$65/barrel this week. Meanwhile, the price of Western Canadian Select (WCS) was above \$51/barrel at the time of this writing – up \$30 from the prior year. These higher oil prices have the potential to power Suncor's earnings in 2021.

### How did the company perform in the first quarter of 2021?

Suncor released its first-quarter 2021 results on May 3. Funds from operations rose to \$2.11 billion or \$1.39 per common share in Q1 2021 – up from \$1.00 billion or \$0.66 per common share in the prior year. Total upstream production climbed to 785,900 barrels of oil equivalent per day compared to 739,800 in Q1 2020. The fourth quarter of 2020 and first quarter of 2021 represent the best sequential synthetic crude oil production performance in the history of the company.

The company managed to improve its debt position in the first quarter. It cancelled \$2.8 billion in bi-lateral credit facilities, reduced short-term debt and repaid higher interest long-term debt. Overall, it managed to reduce its total debt by \$1.1 billion in Q1 2021. This is a great start to a year in which Suncor is positioned to feast off higher oil prices.

Suncor posted net earnings of \$821 million or \$0.54 per common share – up from a net loss of \$3.52 billion or \$2.31 per common share in the prior year. Earnings were bolstered by crude oil and refined product realizations that were vastly improved from the first quarter of 2020.

## Should you buy Suncor stock today?

Earlier this spring, **Goldman Sachs** predicted that crude oil prices would enjoy a significant uptick on the back of improved demand. This would be very good news for top oil producers like Suncor. Shares of this top energy stock are still trading in favourable territory in comparison to industry peers.

In the first quarter, Suncor announced a quarterly dividend of \$0.21 per share, which represents a 3.1% yield. The company halved its dividend from \$0.42 per share in the previous year in response to the crisis. If Suncor's earnings can continue to rise on the back of improved conditions shareholders may be able to hope for a [dividend hike](#) in the months ahead.

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