



## Suncor Stock: Buy for Value, Stay for Dividend Growth

### Description

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has had a rough couple of years. The energy company almost reached all-time highs back in 2018, highs not witnessed since before the Great Recession, but then the price of oil and gas collapsed. Since then, it's had to deal with blow after blow. Yet today, there is a light at the end of this very long tunnel. So it might be time for investors to jump on Suncor stock before it climbs up again.

### Suncor stock: A history

Let's start off with why Suncor stock sank in the first place. I'll start by saying it really was not the company's fault in *any* way. Suncor stock had and has a balance sheet that would be the envy of any oil and gas company. But a few factors were at play when shares collapsed.

In the span of just a few weeks, crude prices when from a four-year high to a complete crash. In response, Saudi Arabia ramped up production to an all-time high to keep prices low under pressure from the Trump administration. This was a huge blow, as Saudi Arabia has been called the central bank of oil as the world's largest exporter. But Russia and the United States also jumped on the bandwagon.

Then came the supply glut. In response, the Organization of Petroleum Exporting Countries called for countries to cut back oil output at a significant rate. That, of course, included oil coming from Western Canada. And while the United States saw higher demands than ever, most of the world didn't. That included huge consumers like India, Europe and developing Asian countries as the economy started to weaken.

Then came the crash.

### March 2020

Economists believed a market crash was inevitable, and much of this had to do with oil and gas. As oil

continued to drop, and the glut continued as well, fears of a slowdown caused riskier assets to be abandoned. But this was nothing compared to March 2020.

The pandemic sent the market into chaos, and rightly so, including Suncor stock. Shares in the company dropped by 65% from peak to trough in the first part of 2020. The lack of commuting or travelling meant no oil and gas consumption. Suncor stock literally slashed its dividend in half in part to make up for the losses.

But all that looks to be changing, which is why investors should jump on Suncor stock today.

## Down, but not out

What investors need to look at is the company of Suncor stock itself. As I mentioned earlier, Suncor stock has a strong balance sheet. Before the chaos, the company acquired more land to ramp up even more production. While it paid prices that it probably wouldn't have paid today, it does mean it will be able to produce an extraordinary amount of oil and fast. As the largest fully integrated oil and gas company in the country, that's saying a lot.

The reason shares in Suncor stock dropped was due to environmental factors, not the company itself. That means it's just as strong now as it was when it reached all-time highs. And it's why the company is a steal at today's prices. Shares trade at 1.2 times book value and 1.6 times sales, with a price-to-earnings ratio at 12.3 for the next year. That's a [bargain](#) considering future growth.

And growth will be huge. Consumers will soon be travelling to and from work as the vaccine rollout and herd immunity continues. Airline travel and jet fuel will return to normal. People will be pretty much dying to use oil and gas products. So investors can expect immense growth now and in the next few years.

But then there's the dividend. It currently sits at 3.03%, but that may double in the near future as the company [increases](#) revenue once more. Shares are already up 35% this year alone, and it's unlikely it will remain down for long given the company's balance sheet and future growth. So buy Suncor stock today for the value, but definitely stick around for dividend growth.

### CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing
4. Personal Finance

### 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. Quote Media
6. Sharewise
7. Yahoo CA

### **Category**

1. Coronavirus
2. Energy Stocks
3. Investing
4. Personal Finance

### **Date**

2025/09/11

### **Date Created**

2021/05/14

### **Author**

alegatewolfe

default watermark

default watermark