3 Energy Stocks That Are Still Undervalued

**Description**

The **S&P/TSX Composite Index** suffered a triple-digit loss on July 14. Unfortunately, the energy sector was one of the biggest reasons for the slide. Surging oil and gas prices have powered this resurgent space in 2021. However, oil prices slid in the middle of the week after Saudi Arabia and the UAE reached an output compromise. Despite this, I'm still bullish on this sector in the second half of 2021. Today, I want to look at three energy stocks that are still undervalued.



## Why Imperial Oil is still worth snatching up in July

**Imperial Oil** (TSX:IMO)(NYSE:IMO) is the second-largest integrated oil company in Canada. Its shares have climbed 43% in 2021 as of close on July 14. However, the stock has slipped 14% month over month. Investors can expect to see its second-quarter 2021 results on July 30.

In Q1 2021, the company delivered net income of $392 million — up from a $188 million loss in the prior year. Meanwhile, it posted capital flows from operating activities of over $1 billion in the same quarter. Imperial Oil also achieved the highest quarterly upstream production in over 30 years at 432,000 gross oil-equivalent barrels per day.

Shares of this energy stock last had an RSI of 34. This puts Imperial Oil just outside technically oversold territory. It also offers a quarterly dividend of $0.27 per share, which represents a 3% yield.

## This undervalued energy stock also boasts a monthly dividend

**Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is a Calgary-based company that provides transportation and midstream services for the energy industry. This energy stock has increased 28% in 2021. Its shares are up 16% in the year-over-year period.

The company released its first-quarter 2021 results on May 6. Pembina reported comparable net earnings and adjusted EBITDA to the prior year. However, this reflected a positive trend, as the company wrestled with broader challenges throughout 2020. This made it a strong start to the fiscal year. Total revenue rose to $2.04 billion — up from $1.67 billion in the previous year. Meanwhile, cash flow from operating activities came in at $456 million compared to $410 million in the first quarter of 2020.

Pembina is still in solid value territory. The greatest appeal for this energy stock is its dividend. Pembina offers a monthly distribution of $0.21 per share. That represents a tasty 6.4% yield.

## One more big energy stock to add today

Back in April, I'd discussed why **Suncor** (TSX:SU)(NYSE:SU) and other energy stocks were worth snatching up, as oil prices were on the rise. Suncor specializes in production of synthetic crude from oil sands. Its shares have climbed 29% in the year-to-date period. However, the stock has dropped 11% month over month.

Suncor had a strong start to 2021. Funds from operations climbed to $2.11 billion or $1.39 per common share — up from $1.00 billion, or $0.66 per common share, in the prior year. The company reported a solid jump in upstream production. Moreover, it made promising progress in paying down debt.

Shares of this energy stock are still trading in favourable territory relative to the industry average. It last paid out a quarterly dividend of $0.21 per share, representing a 3% yield.



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3. NYSEMKT:IMO (Imperial Oil Limited)
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