Energy Investors: 3 TSX Components up Over 50% in 2021

Description

Companies that are part of the energy sector were among the hardest hit in 2020, as demand for fuel plummeted amid economic lockdowns and the shutdown of international borders. However, the rollout of vaccination programs in several countries and ongoing economic recovery have allowed energy stocks on the TSX to make a comeback in the first nine months of 2021.

We'll look at three TSX stocks that are part of the energy sector that have gained more than 50% in 2021.

Canadian Natural Resources

A large-cap heavyweight on the TSX, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is valued at a market cap of $54 billion and an enterprise value of $72.2 billion. CNQ stock is up 51% in 2021 and has more than doubled in the last year.

In the second quarter of 2021, CNQ delivered net earnings of $1.55 billion with an adjusted funds flow of $3.05 billion. After accounting for capital and dividends, its free cash flow stood at $1.5 billion in Q2. This enabled Canadian Natural Resources to lower its net debt balance to $18.2 billion in Q2 compared to $21.3 billion at the end of 2020.

Further, the company also returned $1.5 billion to shareholders in dividends in the first six months of 2021. Canadian Natural Resources has, in fact, increased quarterly dividends from $0.25 in December 2016 to $0.47 per share in September 2021 due to its portfolio of long-life, low-decline assets.

Currently, CNQ stock offers a forward yield of a tasty 4.21%.

Cenovus Energy

Shares of **Cenovus Energy** (TSX:CVE)(NYSE:CVE) have gained 57% in 2021 and are up 134% in the last year. A few months back, Cenovus announced the acquisition of Husky Energy and has since derived over a billion dollars in synergies following the buyout. Cenovus Energy is now the third-largest oil and gas producer in Canada and reported $1.8 billion in adjusted free cash flow in Q2 while operating cash flow stood at $1.4 billion.

Despite its stellar run this year, Cenovus stock has an EV/EBITDA multiple of just 9.7, which is really attractive, and analysts expect it to gain another 30% in the next 12 months. Cenovus is attractive to both income and growth investors at current valuations.

In the second quarter of 2021, Cenovus sales more than tripled year over year while its net earnings stood at $444 million compared to a loss of $2 billion in the year-ago period.

Imperial Oil

The final stock on my list is **Imperial Oil Limited** (TSX:IMO)(NYSE:IMO). It has gained 61% in 2021 and 140% in the last 12 months. In the first six months of 2021, Imperial Oil's net income stood at $758 million compared to a net loss of $714 million in the year-ago period.

Imperial Oil has increased dividend payouts for 26 consecutive years and still offers a forward yield of 2.63%. Its low payout ratio makes dividend payments safe and sustainable compared to peers.

Bay Street expects Imperial Oil stock to gain around 17% in the next 12 months, positioning it to outpace the TSX in 2022 as well.

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1. Energy Stocks
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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:CVE (Cenovus Energy Inc.)
6. TSX:IMO (Imperial Oil Limited)

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