



Suncor Shines: These 3 TSX Energy Stocks Could Soar, Too

Description

Energy stocks that took a massive hit amid the peak of the pandemic are regaining ground. The rapid growth in oil and gas prices and steady economic growth are pushing their prices higher.

Take **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stock, for instance, which closed over 13% higher on Thursday, as higher-than-expected average realized prices have helped the company deliver strong financials, boost shareholders' returns, and lower net debt.

Thanks to the strength in its business, improving energy outlook, and higher commodity prices, Suncor reinstated its dividends to the pre-pandemic levels, which is encouraging and indicates that the momentum is likely to sustain.

While I maintain a [bullish outlook on Suncor](#) stock and expect further upside, I see **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) as other top bets in the energy space.

Like Suncor, I expect these companies to deliver stellar financials on the back of higher prices and increased volumes. As these energy companies are set to announce their financial results next week, let's look at each of these companies to ascertain why one should invest in them ahead of earnings.

Enbridge

Enbridge delivered impressive financials in the half of 2021 due to higher economic activities, solid growth projects, and higher utilization, which drove its share prices higher. I believe the momentum in Enbridge's business will likely sustain in Q3 and beyond, thanks to the significant rebound in commodity prices, higher utilization of its assets, and increased economic activities.

I expect Enbridge's mainline volumes to increase significantly, which will likely drive its financials. Further, its diversified revenue streams, strength in the core business, and productivity savings will likely boost its Q3 results.

Overall, Enbridge remains well positioned to capitalize on the improving energy trends. Meanwhile, its contractual framework, strong secured capital program, recent acquisition, and focus on renewable energy bode well for future growth. I remain confident that Enbridge will continue to boost its shareholders' returns through increased dividend payments.

Pembina Pipeline

The recovery in Pembina Pipeline's stock reflects the benefits from improving energy demand, higher volumes, and increased commodity prices. Thanks to the favourable industry trends, I believe this energy infrastructure company will likely deliver another solid quarter, which could drive its stock price.

I expect higher average price realization, improving volumes, and cost-savings measures to support its revenues and cash flows. Further, Pembina's diversified asset base, newly secured growth projects, strong backlogs, and exposure to multiple commodities will continue to drive its fee-based distributable cash flows and [dividend payments](#).

Also, it looks attractive on the valuation front as its forward EV/EBITDA multiple of 10.8 is lower than its peers and its historical average. Meanwhile, it yields about 6.1% at current levels.

TC Energy

TC Energy is another attractive stock in the energy space worth buying ahead of its Q3 results. I expect TC Energy to deliver solid Q3 performance, reflecting the continued strength in its base business. Notably, its high-quality energy infrastructure asset base and high utilization rate will likely drive its financials. Moreover, the recovery in energy demand and an uptick in economic activities strengthen my optimism.

Notably, TC Energy's contracted assets generate strong cash flows and support higher dividend payments. Notably, it has enhanced its dividend payments by a CAGR of 7% since 2000 and offers a stellar yield of 5.2% at current price levels.

Meanwhile, its \$21 billion secured capital program, favourable project mix, and solid development portfolio augur well for future growth. The company projects a 5-7% growth in its future dividends, which I believe it can easily achieve due to improved energy demand and prices.

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:SU (Suncor Energy Inc.)

4. NYSE:TRP (Tc Energy)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)
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