



Will Warren Buffett Pick up Suncor Energy (TSX:SU) in Q4 2021?

Description

Famous billionaire Warren Buffett believes in Corporate America that the majority of his investments are in U.S.-based businesses. However, he used to be a long-time investor in two Canadian firms, **Restaurant Brands International** and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Buffett's empire, **Berkshire Hathaway**, no longer owns either stock after selling its entire holdings in the oilsands king in Q1 2021. Suncor Energy investors, including Berkshire, lost more than 40% in 2020. Buffett influences the market when he moves. But since March 31, 2021, the energy stock has gained 28.5%.

As of November 1, 2021, the share price is \$33.05, a 58.58% year-to-date gain. Also, the trailing one-year price return is 112.54%. With Suncor's rebound this year, will the GOAT of investing pick up his former value stock on the TSX in Q4 2021?

A classic Buffett stock

History could repeat itself with Buffett's long-time association with Suncor Energy. Berkshire Hathaway took a position in the value stock in 2013 then sold the shares in 2016. However, they returned to the oil sands major and took a new position in 2018. Market analysts said the buyback confirmed that Suncor was a classic Buffett stock.

Buffett is a value investor, first and foremost. He invests in companies with solid fundamentals, earnings power, and visible [growth potentials](#). More importantly, he picks stocks that trade below their intrinsic values. Suncor Energy had all that until disaster struck in 2020.

Heavy blow

The global pandemic and oil slump harmed Suncor severely. It reported losses of \$4.3 billion in 2020 compared to the \$2.89 billion net earnings in 2019. Management had to take significant but painful steps to preserve Suncor's financial health and increase its liquidity. Apart from setting cost reduction

targets, the company slashed its dividends by 55%. The energy stock lost its [Dividend Aristocrat](#) status as a result.

Somehow, the measures were successful, with capital expenditures decreasing 33% from the original 2020 guidance. While dealing with the unprecedented challenges, Suncor didn't stop investing in midstream opportunities that helped expand market reach and strengthen sales channels.

Buffett must have thought Suncor had slim chances of regaining its position as an oil bellwether. Some observers say the issue was more of environmental concerns, not business performance. Nonetheless, it might still be a premature move on the part of the GOAT to ditch one of **TSX's** [hottest stocks](#) today.

Significant turnaround

Suncor had a hot start in November 2021, advancing 2% to \$33.05 on the first trading day of the month. It was all good news to investors, especially the restoring of dividends to pre-pandemic levels. The yield today is an attractive 5.08%.

In the nine months ended September 30, 2021, Suncor's net earnings reached \$2.56 billion. Its net loss in the same period last year was \$4.15 billion. Notably, the \$47.43 billion company generated \$2.6 billion from operations in the third quarter.

Suncor President and CEO Mark Little said, "We continue to deliver on capital discipline and our strategy of optimizing our base business." He adds the focus is on high-margin, low-capital projects that deliver significant returns, cash flow, and long-term value generation for shareholders.

Must-buy

Suncor Energy is a must-buy in November. The significant turnaround should bring back investors' confidence, particularly that of Mr. Buffett. He could move the needle should he take a new position in the resurging value stock.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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. Smart News

PP NOTIFY USER

1. arosenberg
2. cliew

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/07/01

Date Created

2021/11/04

Author

cliew

default watermark

default watermark