



3 Top Energy Stock to Buy in Canada

Description

TSX's [energy sector](#) is still up slightly above 70% despite the 6.27% decline in the last five trading sessions. The reason for the sector's retreat was the report by the International Energy Agency (IEA) that omicron can dent global demand recovery.

However, the IEA clarified that the surge in new COVID-19 cases is expected to temporarily slow, but not upend, oil recovery. Energy stocks were hammered by the global pandemic and oil slump in 2020, but have rebounded remarkably.

The latest slide opens [buying opportunities](#) like last year. If you're looking to invest in the sector, have a look at **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), **Canadian Natural Resources** ([TSX: CNQ](#))([NYSE:CNQ](#)), and **CES Energy Solutions** ([TSX:CEU](#)).

Back on investors' radars

Suncor Energy is back on investors' radars because of its stellar operational and financial performance after three quarters in 2021. The \$43.95 billion oilsands king reported a net income of \$2.56 billion versus the \$4.15 billion net loss in the same period last year.

In Q3 2021 alone, funds from operations increased 126.5% to \$2.64 billion compared to Q3 2020. But the biggest [come-on to shareholders](#) was the dividend increase. Suncor President and CEO Mark Little said, "Our strong execution in 2021 and confidence in our plan enabled us to double the dividend, increase the buyback program, and reduce net debt at the highest annual pace ever."

Investors enjoy a 46.78% year-to-gain on top of the generous 5.5% dividend yield. Market analysts forecast the current share price of \$30.17 to climb 33%, on average, in the next 12 months.

High flyer

Canadian Natural Resources outperforms Suncor Energy thus far in 2021. At \$50.75 per share, the

year-to-date gain is 73.35%. If you invest today, the dividend yield is a lucrative 4.6%. The \$62.34 billion independent crude oil and natural gas producer reported revenues of \$20.84 billion after nine months in 2021, a 75.5% year-over-year growth.

Net earnings jumped to \$5.13 billion from a \$1.18 billion net loss in the same period in 2020. Notably, CNR generated \$9.76 billion cash flows from operations, or 183.6% higher than a year ago.

Tim McKay, CNR's President, said, "Our diverse product mix is a competitive advantage, as we can allocate capital to the highest return projects, without being reliant on any one commodity." He also boasted about its world-class long-life, low decline assets with low maintenance capital requirements relative to their sizes and quality.

A critical industry player

CES Energy Solutions trades at an absurdly cheap price (\$1.31 per share), but pays a decent 3.58% dividend. It isn't a mediocre performer, given the 41.91% year-to-date gain. The \$471.51 million company caters to North America's oil and natural gas industry players. It provides technically-advanced consumable chemical solutions throughout the life-cycle of the oilfield.

The service company derives revenue (90%) from two core businesses, drilling fluids & production and specialty chemicals. CES' operations are thriving in 2021. In the first three quarters, revenue and cash from operations grew 23% and 56% versus the same period in 2020. Net income topped \$25 million compared to the \$263.35 million net loss in the prior-year period.

Reasons to invest

Suncor Energy and CNR have vastly improved financial health, while the business of CES will flourish with the increasing demand for its services.

CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CEU (CES Energy Solutions Corp.)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:SU (Suncor Energy Inc.)

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