



## 2 Top Energy Stocks That Could Beat Suncor (TSX:SU)

### Description

Investors' confidence in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) returned following the oil bellwether's remarkable comeback last year. Apart from slashing dividends by 55% after Q1 2020, the energy stock lost 47.71% during the COVID year. However, rising commodity prices turned things around not only for Suncor but also for most [energy stocks](#).

Suncor rewarded investors with a 54.01% total return in 2021. The \$49.65 billion integrated company also doubled its dividends in Q3 2021 because of its return to profitability. However, if you were to invest in the energy sector this year, **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) and **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) could deliver more [outsized gains](#), like in 2021.

As of January 21, 2022, Vermilion and Cenovus investors are up 12.83% and 13.99%, respectively, while Suncor is ahead 7.68% year to date. The two energy stocks were non-dividend payers in 2021, although the total returns were 179.93% and 101.17%. Both stocks could outperform again and beat Suncor Energy.

### Fortifying the balance sheet

After three quarters in 2021, Suncor's president and CEO Mark Little said, "We continue to deliver on capital discipline and our strategy of optimizing our base business while focusing on high-margin, low-capital projects." He added the strategy should result in significant returns, cash flow, and long-term value generation for shareholders.

Suncor's net earnings for the period reached \$2.56 billion compared to the \$4.15 billion net loss in the same period in 2020. In Q3 2021 alone, funds from operations increased 126.5% to \$2.64 billion versus Q3 2020. Besides achieving 99% utilization at its refineries, Suncor completed its largest annual maintenance program in 2021.

Based on analysts' forecasts, Suncor's share price could climb 22.36% in 12 months. At \$34.08 per share today, the dividend yield is 4.93%.

## Enormous return potential

If the energy sector continues its winning streak in 2022, Vermilion Energy and Cenovus Energy should be among the top [growth stocks](#). The current share prices are \$17.94 and \$17.68, although the return potentials in one year could be enormous.

Vermilion Energy creates value by exploiting light oil and liquids-rich natural gas conventional resource plays in North America. It explores and develops conventional natural gas and oil opportunities in Europe and Australia. In Q3 2021, free funds from operations increased 52% to \$263 million versus Q3 2020.

With the improving pricing environment, the \$2.91 billion international energy producer plans to reinstate dividends in Q1 2022. Management hopes to augment the return of capital to shareholders through fixed dividend increases, special dividends, and share buyback.

In Q3 2021, Cenovus Energy reported 192%, 475%, and 554% increases, respectively, in cash from operating activities, adjusted funds flow, and free funds flow versus Q3 2020. Notably, the \$35.67 billion oil and natural gas producer in Canada and the Asia-Pacific region reported net earnings of \$551 million compared to the \$194 million net loss year ago.

Management commits to growing shareholder returns in 2022 by allocating about 50% of excess free funds. It also plans to repurchase up to 146.5 million common shares. The energy stock currently pays a modest 0.79% dividend.

## High growth

Suncor Energy didn't disappoint investors last year and is a potential winner again in 2022. However, if you seek high growth, Vermilion Energy and Cenovus Energy are the top picks.

### CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:VET (Vermilion Energy)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:VET (Vermilion Energy Inc.)

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