



Could Suncor Stock Continue Even Higher This Year?

Description

One of the more impressive movers on the TSX this past year has been **Suncor** ([TSX:SU](#))([NYSE:SU](#)). Indeed, over the past year, shares of Suncor stock have [appreciated more than 50%](#). From the company's 52-week low, that number is nearly 100%, or a double-up.

With energy prices where they are right now, it's clear that Suncor will be printing cash flow. However, many investors are wondering just how long this environment can continue.

Let's dive into what may be in store for Suncor stock this year.

Suncor stock to benefit from cash flow growth

Suncor remains the leader in the oil and gas industry in Canada. This behemoth is the largest energy producer in the country, with substantial operations in Western Canada and abroad. For investors looking at Canada's oil patch, Suncor remains the gold standard to assess.

From a cash flow perspective, this has certainly been the case of late. Suncor's cash flows have rocketed higher, boosted by surging energy prices. That said, there's another catalyst that may drive cash flow growth over the long-term that investors should consider.

Suncor has been investing heavily in renewable diesel, carbon-capture technologies, biofuels and sustainable aviation fuels. These areas could become more prescient as companies look to reduce their carbon footprint. Accordingly, investors looking to benefit from [long-term energy growth](#) may want to consider Suncor stock as one of the best ways to gain leverage to this trade.

Financial position and guidance

Suncor posted rather impressive Q4 results recently. The company announced operating earnings of \$0.71 per share compared to a loss of \$0.07 a year prior. This stark turnaround resulted in Suncor stock surging, as the company blew away analyst expectations.

The favourable commodity price environment has certainly driven cash flows higher. However, Suncor's decision of what to do with its excess cash flows is interesting. The company has decided to split its increased cash flow between debt reduction and share repurchases. This is on top of an otherwise impressive dividend yield of 4%.

Additionally, Suncor has revised its guidance substantially higher for production this year. Accordingly, expectations of substantial cash flow growth likely mean Suncor will be a company with not only a better balance sheet, but fewer shares and a higher dividend yield over time.

What's not to like?

Bottom line

Overall, the financial picture underpinning Suncor stock is solid. As far as options to play the energy trade right now, I think Suncor is a stock worth considering. Long-term investors looking for exposure to this sector may want to dive deeper into Suncor right now.

CATEGORY

1. Energy Stocks
2. 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
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/08/20

Date Created

2022/03/24

Author

chrismacdonald

default watermark

default watermark