



## Suncor Eyes Growth With Key Transition

### Description

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) is a leading integrated Canadian energy company. Of course, given the rather impressive rise we've seen in oil and gas prices, this company's stock has done well. However, many investors may be leery of investing in any energy stock at these levels.

Currently, Suncor stock remains [within 10%](#) of its all-time high. Investors appear to like this company's balance sheet as well as [growth](#) prospects, as North American energy security comes into focus to a greater degree. Previously, [ESG concerns](#) and plummeting energy prices had hurt Suncor stock significantly.

Let's dive into one key catalyst that could continue to entice investors to consider Suncor at these levels.

## Focus shifts from wind and solar assets to hydrogen and renewable fuels

Many investors may know that Suncor is an absolute energy behemoth. With more than 30,000 employees and oil sands, offshore oil and gas, and other fossil fuel production-related businesses at its core, Suncor has been a top Canadian producer for some time. To boot, this company has an extensive retail distribution network for fuels, providing a vertically integrated business model many like.

However, Suncor is also a company that's invested heavily in green energy. The company's electric highway of fast-charging EV stations is one example. Additionally, the company has put a significant amount of effort into developing wind and solar assets in the past.

Those days appear to be coming to an end. This Calgary-based energy company recently announced that it would be shifting toward hydrogen and renewable fuels, instead of pursuing its wind and solar strategy. The company still aims to have net-zero emissions by 2025. However, how the company plans to get there has changed.

This strategic shift appears to be underway due to the changing fundamentals of these core businesses. The company believes it can accelerate commercial-scale deployment of carbon-capture technology to lower emission units faster going this route. Fair enough.

Additionally, Suncor announced a world-class hydrogen project in Alberta as a way to reach its goals. This hydrogen plant, alongside next-generation renewable fuel technology, is the driver Suncor believes could take this company to the next level.

## Bottom line

In 2021, Suncor Energy returned \$3.9 billion to its shareholders. This included \$1.6 billion in dividends paid and \$2.3 billion in share repurchases. Additionally, the company announced a dividend increase in Q4 2021.

Overall, Suncor's fundamentals appear strong. Additionally, this company's strategic shift in terms of growth may be enticing to those looking for realistic ESG change. Accordingly, Suncor stock remains one of the best options for energy investors today, in my view.

### CATEGORY

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