



Top TSX Energy Stocks to Buy Right Now

Description

Crude oil prices have fallen radically since June, and TSX energy stocks have followed. However, oil and gas prices are still way higher than last year, which will likely continue their free cash flow growth and deleveraging. So, energy names could change their course again and ride higher in the coming months.

Canadian Natural Resources

The country's biggest energy producer **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) has returned 90% in the last 12 months. Its rising free cash flows, margin expansion, and special dividend have supported its stock rally.

The trend could continue with crude oil still higher by 45% in the third quarter (Q3) 2022 compared to last year. Canadian Natural, as is the theme in the sector, has been aggressively repaying its debt with incremental free cash flows. This has strengthened its balance sheet, enabling a generous special dividend.

For 2022, the company is expected to pay a dividend of \$3.00 per share, which is 50% higher than in 2021. CNQ will now pay a special dividend of \$1.5 per share in Q3.

Many energy companies have rewarded their shareholders with hefty dividend hikes this year. And notably, even after repaying debt and dividends, they are sitting on a large cash pile.

Considering the strong price environment, juicy yield, and undervalued stock, CNQ will drive handsome shareholder returns, at least for the next few quarters.

Suncor Energy

Top oil sands player **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is another Canadian energy bigwig that looks attractive. The stock has underperformed peers and has also fallen relatively short on the

dividend-growth front compared to peers. However, it will likely beat [TSX energy stocks](#) at large, based on handsome earnings prospects and strategic changes suggested by an activist shareholder.

Suncor Energy reported \$4 billion in free cash flows in Q2 2022, which was a mind-blowing four-times jump compared to Q2 2021. Its debt has significantly come down this year against what it was during the pandemic.

Apart from superior financial growth, Suncor is selling its non-core assets as a part of strategic changes suggested by activist shareholder Elliott Management. This will further improve its balance sheet and efficiency in the long term.

Investors can expect a dividend hike from Suncor Energy, probably in the next couple of quarters. The stock has soared 90% in the previous 12 months. Based on [dividend-growth prospects](#) and improving balance sheet, Suncor Energy stock looks appealing among TSX energy stocks.

Tourmaline Oil

Even if oil prices have come down big of late, natural gas has been trading way too strong this year. And Canada's natural gas producer **Tourmaline Oil** ([TSX:TOU](#)) could be the biggest beneficiary of the trend.

In fact, it has been seeing windfall gains since the pandemic. Its free cash flow growth has driven massive deleveraging and, ultimately, balance sheet strengthening.

Tourmaline shareholders, too, benefited from a flurry of dividend hikes since last year. It has paid a total dividend of \$6.7 per share in the previous 12 months, indicating a yield of 9%!

Natural gas prices in the U.S. have risen 160% since last year. A demand-supply imbalance, particularly in Europe, will likely keep driving prices higher, massively benefitting gas producers like TOU.

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1. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)
5. TSX:TOU (Tourmaline Oil Corp.)

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