



## Here's Why I'm Buying the Dip in Suncor (TSX:SU) Today

### Description

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) is a Calgary-based integrated energy company. Canada's energy sector had a red-hot start to 2022 on the back of renewed demand following the COVID-19 crisis and geopolitical pressure stemming from the Russia-Ukraine conflict. Today, I want to discuss why I'm looking to [buy the dip](#) in this super energy stock. Let's dive in.

### How has this top energy stock performed so far this year?

Shares of Suncor have dropped 4.3% month over month as of mid-morning trading on September 22. The stock is still up 23% in the year-to-date period.

[Oil and gas prices](#) surged in the first half of 2022. This has been the main driver of inflation for most of the year. Prices have softened in recent months, which has given some relief to consumers. However, this has also led to a drop in value for Suncor and its peers.

### Suncor is set to release its next batch of earnings in the fall

Investors can expect to see this company's third-quarter (Q3) fiscal year (FY) 2022 earnings in late October. The company released its Q2 FY2022 results on August 4.

In Q2 2022, Suncor delivered adjusted funds from operations (AFFO) of \$5.34 billion, or \$3.80 per common share — up from \$2.36 billion, or \$1.57 per common share, in the prior year. That was the highest AFFO reported in Suncor's history. Meanwhile, adjusted operating earnings rose to \$3.81 billion, or \$2.71 per common share, which was up from \$722 million, or \$0.48 per common share, in the second quarter of fiscal 2021.

Oil sands posted AFFO of \$4.23 billion — up from \$1.84 billion in the previous year. Moreover, oil sands asset production rose to 641,500 barrels per day (bbls/d) compared to 615,700 bbls/d in the second quarter of fiscal 2021. Meanwhile, refining and marketing (R&M) delivered AFFO of \$2.12 billion — up from \$677 million in the prior year. Better yet, refinery utilization average 84% with crude

throughput of 389,300 bbls/d. That was up from refinery utilization of 70% and throughput of 325,300 bbls/d in the second quarter of the previous year.

Earnings before income taxes were reported at \$9.25 billion in the first six months of fiscal 2022 — up from \$2.20 billion in the prior year. Meanwhile, AFFO rose to \$9.43 billion over \$4.47 billion.

Cash flow provided by operating activities climbed to \$4.23 billion, or \$3.01 per common share, compared to \$2.08 billion, or \$1.39 per common share, in the second quarter of fiscal 2021. This should bolster confidence in Suncor's dividend payouts and ability to deliver on dividend growth going forward.

## Is Suncor stock worth picking up right now?

Suncor stock currently possesses a [price-to-earnings ratio of 6.2](#). That puts this energy stock in much better value territory than most of its industry peers. Meanwhile, Suncor also offers a quarterly dividend of \$0.47 per share. That represents a solid 4.5% yield. Oil and gas prices may have retreated in recent months, but Suncor is still a stock you can trust for years to come. I'm looking to snatch up this top energy equity on the dip in the beginning of the fall season.

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