



2 Top Energy Stocks Getting into the EV Boom

Description

Canada's electric vehicle (EV) boom could come earlier than expected as two prominent energy firms gear up for a [tremendous business opportunity](#). Statista.com expects the country's EV market to grow at a compound annual growth rate (CAGR) of 20.9% from 2022 to 2027. In five years, the projected market volume is around US\$11.8 billion.

Imperial Oil Limited ([TSX:IMO](#)) recently formed a partnership with EV-charging firm Flo. They will set up EV-charging infrastructure in more than 2,000 Esso and Mobil gasoline stations throughout the country. Meanwhile, fuel retailer **Parkland Corp.** ([TSX:PKI](#)) announced plans to double the size of its ultra-fast EV charging network in Western Canada.

Pilot mode

Imperial Oil is among this year's top-performing [energy stocks](#). At \$68.52 per share, the year-to-date gain is 52.8%. In 3 years, the overall return is 123.2% (30.6% CAGR). The \$42.7 billion petroleum refiner has been paying dividends for more than 100 years and has raised them for 27 consecutive years.

American oil giant **ExxonMobil** owns 66.9% of this Canadian crude oil and natural gas producer. If you invest today, the dividend yield is a decent 2.47%. Dan Lyons, Imperial's senior vice president of finance and administration, said, "A reliable and growing dividend remains the bedrock of our cash distribution strategy." The 30% dividend hike after Q3 2022 was the largest in the stock's history.

Its vice-president of downstream, Jon Wetmore, said management has been watching the EV charging phase for some time now. They foresee an eventual pivot away from Imperial's typical gas market. He adds that most EV charging activities will be in pilot mode until management can determine the best technique.

Imperial Oil should have no problems funding the EV program as it continues to generate record profits in 2022. In the nine months that ended September 30, 2022, net income soared 237% year over year to \$5.6 billion.

Perfect business synergy

Parkland is installing 50 ultra-fast charging stations, up from 25, on highways and in major destinations (Vancouver Island to Calgary). With the move to double the size of its EV charging network, the \$5.3 billion company wants to take the lead in Canada's EV adoption.

Apart from supplying and marketing fuel and petroleum products, Parkland operates convenience stores. The EV charging stations perfectly complement the retail business and should enhance the customer experience. Its senior vice president of energy transition and corporate development, Darren Smart, said EV drivers will spend money on food and retail items while they wait for their cars to charge.

As of this writing, Parkland trades at \$29.92 per share (-11.4% year to date) and pays a 4.43% dividend. Market analysts recommend a buy rating and have a 12-month average price target of \$40, a return potential of 34% on top of the attractive dividend yield.

A Head Start

Canada's goal is to become a leader in the EV sector, not just a major player. The federal and Ontario governments have pledged almost \$1.7 billion to established OEMs (original equipment manufacturers) to build new zero-emission vehicles in the province.

For Imperial Oil and Parkland, a head start in the lucrative EV market could give them an important first-mover advantage. However, expect these energy stocks to compete intensely for consumers' and investors' attention.

CATEGORY

1. Energy Stocks
2. Investing

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2. TSX:PKI (Parkland Fuel Corporation)

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