Cenovus Energy (CVE)

Published January 21st, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$18	**5 Year CAGR Estimate:**	1.8%	**Market Cap:**	$34 B
Fair Value Price:	$15	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date[1]:**	3/13/2026
% Fair Value:	119%	**5 Year Valuation Multiple Estimate:**	-3.5%	**Dividend Payment Date:**	3/30/2026
Dividend Yield:	3.1%	**5 Year Price Target**	$17	**Years Of Dividend Growth[2]:**	4
Dividend Risk Score:	F	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Cenovus Energy is an energy company that develops, produces, refines and markets crude oil, natural gas and refined products in Canada, the U.S. and China. The company develops and produces bitumen and heavy oil primarily in northern Alberta and Saskatchewan. It was founded in 2009, it is headquartered in Calgary, Alberta, and its common stock is cross listed on the Toronto Stock Exchange and the New York Stock Exchange, where it trades with a market capitalization of US$34 billion. All the figures in this report are in U.S. dollars.

On October 27th, 2025, Cenovus Energy proposed to acquire MEG Energy (MEGEF) for C$30 per share in cash or 1.255 shares of its common stock for each share of MEG Energy. The acquisition was completed on November 13th, 2025. The assets of MEG Energy are contiguous in Christina Lake and thus they will enable the integrated development of the region. Cenovus Energy expects to reap more than $400 million of annual synergies beginning from 2028.

In late October, Cenovus Energy reported (10/31/25) financial results for the third quarter of 2025. The company grew its production 8% over the prior year's quarter, to a new all-time high. It also achieved an all-time high refinery throughput of 605,300 barrels per day, which corresponds to a utilization rate of 99%.Given also higher realized oil prices, earnings-per-share surged 71%. Some growth projects are approaching completion and hence the company is likely to continue growing its output in the upcoming quarters. Indeed, management provided guidance for 4% growth of production in 2026, to 945,000-985,000 barrels of oil equivalent per day.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.80	-$0.41	$1.64	-$1.74	$1.37	-$1.52	$0.21	$2.36	$1.60	$1.34	***$1.30***	***$1.44***
DPS	$0.66	$0.15	$0.16	$0.15	$0.16	$0.05	$0.07	$0.27	$0.39	$0.49	***$0.56***	***$0.65***
Shares[3]	819	833	1,103	1,229	1,229	1,229	2,045	2,006	1,891	1,839	***1,790***	***1,650***

Cenovus Energy has 8.5 billion of proved plus probable reserves and thus it has a sector-leading reserve lifetime index of 29 years. This impressive figure, which is nearly triple the average life of reserves of most oil and gas producers (~11 years), certainly bodes well for the production growth prospects of the company. In addition, the company has some growth projects that are likely to begin contributing to the earnings from next year. Another growth driver will be the recent acquisition of MEG Energy, which is expected to boost the total output of oil sands by approximately 18%.

On the other hand, as shown in the above table, Cenovus Energy has exhibited a markedly volatile performance record. This is not surprising; as Cenovus Energy is primarily an upstream company, it is highly sensitive to the dramatic cycles of the price of oil. Nevertheless, while the company has failed to grow its bottom line consistently over the last decade, we believe that its future looks brighter than its past. Overall, we expect 2.0% average annual growth of earnings-per-share over the next five years in order to be on the safe side.

[1] Estimated date.
[2] In CAD
[3] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	20.1	---	6.2	---	6.5	---	42.9	7.6	11.4	13.4	***13.8***	***11.6***
Avg. Yld.	4.1%	1.1%	1.6%	1.6%	1.8%	0.9%	0.8%	1.5%	2.1%	2.7%	***3.1%***	***3.9%***

Cenovus Energy has traded at an average price-to-earnings ratio of 11.6 over the last four years. We consider this valuation level fair for this highly cyclical stock. The stock is currently trading at a price-to-earnings ratio of 13.8. If it trades at our assumed fair valuation level in five years, it will incur an annualized valuation drag of -3.5% in its returns.

Income investors should note that while the Canadian government applies a 15% withholding tax on dividends paid to U.S. residents (including those paid by Cenovus Energy), this withholding tax is waived if shares are held within a retirement account like a 401(k).

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Std. Dev.	83%	---	10%	---	12%	---	33%	11%	24%	37%	***43%***	***45%***

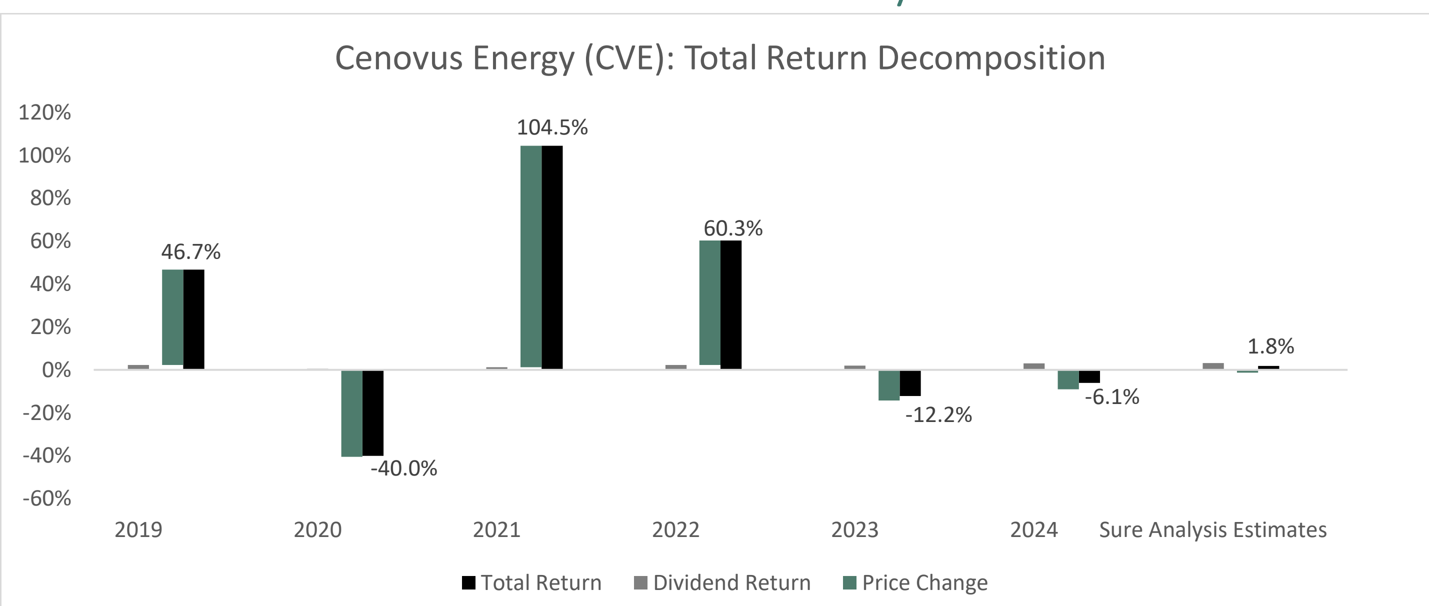
The competitive advantage of Cenovus Energy is the high quality of its assets, which have a long life, low decline rates and low production costs. All the growth projects of the company are meaningfully profitable even at a price of WTI of $45. At such a low price of oil, the company can fund its capital expenses and its dividend. Moreover, Cenovus Energy has a rock-solid balance sheet, with a leverage ratio of only 0.7x and an interest coverage ratio of 17x.

However, the company is greatly affected by the dramatic cycles of the oil and gas industry. This is evident from its material losses in 2016, 2018 and 2020.

Final Thoughts & Recommendation

Cenovus Energy has exhibited a volatile performance record but its future looks much brighter than its past thanks to strong production growth. On the other hand, the stock appears somewhat richly valued. It could offer a 5-year average annual return of only 1.8%, as 2.0% growth of earnings-per-share and a 3.1% dividend may be partly offset by a -3.5% valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	10,211	8,307	13,130	16,081	15,209	10,097	36,975	51,386	38,679	39,619
Gross Profit	(433)	85	414	(285)	1,601	(1,062)	4,577	8,724	4,564	4,110
Gross Margin	-4.2%	1.0%	3.2%	-1.8%	10.5%	-10.5%	12.4%	17.0%	11.8%	10.4%
SG&A Exp.	262	246	237	302	253	218	677	664	510	580
Depr. & Amor.	1,738	1,229	1,663	1,713	1,714	1,874	3,606	3,486	3,552	3,720
Operating Profit	(730)	(188)	149	(1,045)	1,337	(1,280)	3,900	8,060	4,054	3,530
Op. Margin	-7.1%	-2.3%	1.1%	-6.5%	8.8%	-12.7%	10.5%	15.7%	10.5%	8.9%
Net Profit	483	(346)	1,747	(2,250)	1,653	(1,774)	468	4,954	3,044	2,293
Net Margin	4.7%	-4.2%	13.3%	-14.0%	10.9%	-17.6%	1.3%	9.6%	7.9%	5.8%
Free Cash Flow	(188)	(131)	1,070	599	1,584	(437)	2,677	5,911	2,289	3,080
Income Tax	(63)	(259)	(40)	(779)	(601)	(634)	581	1,752	690	678

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	18,808	18,834	33,309	26,254	27,934	26,438	43,434	41,233	40,888	39,312
Cash & Equivalents	3,172	2,790	537	691	143	297	2,274	3,339	1,689	2,151
Acc. Receivable	44	59	154	184	159	902	2,017	2,186	2,064	1,653
Inventories	583	922	1,109	742	1,181	855	3,103	3,182	3,056	3,126
Total Liabilities	174	180	1,813	1,663	1,830	1,853	2,811	2,171	2,217	2,040
Accounts Payable	9,888	10,192	17,362	13,465	13,127	13,324	24,744	20,872	19,113	18,614
Long-Term Debt	49	1,690	269	562	724	477	2,022	1,720	815	699
Total Equity	4,697	4,722	7,592	6,710	6,644	7,220	12,146	8,507	7,406	7,274
LTD/E Ratio	8,920	8,642	15,947	12,790	14,807	13,114	18,269	19,969	21,370	20,441

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.4%	-1.8%	6.7%	-7.6%	6.1%	-6.5%	1.3%	11.7%	7.4%	5.7%
Return on Equity	5.5%	-3.9%	14.2%	-15.7%	12.0%	-12.7%	2.9%	25.4%	14.5%	10.8%
ROIC	3.6%	-2.6%	9.5%	-10.5%	8.1%	-8.5%	1.8%	16.6%	10.4%	8.0%
Shares Out.	819	833	1,103	1,229	1,229	1,229	2,045	2,006	1,891	1,839
Revenue/Share	12.47	9.97	11.91	13.09	12.37	8.22	18.08	25.61	20.09	21.26
FCF/Share	(0.23)	(0.16)	0.97	0.49	1.29	(0.36)	1.31	2.95	1.19	1.65

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.