



# Suncor Energy Inc. (SU)

Updated February 11<sup>th</sup>, 2026 by Aristofanis Papadatos

## Key Metrics

<b>Current Price:</b>	\$55	<b>5 Year CAGR Estimate:</b>	0.1%	<b>Market Cap:</b>	\$65 B
<b>Fair Value Price:</b>	\$38	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date:</b>	3/4/2026
<b>% Fair Value:</b>	146%	<b>5 Year Valuation Multiple Estimate:</b>	-7.2%	<b>Dividend Payment Date:</b>	3/25/2026
<b>Dividend Yield:</b>	3.2%	<b>5 Year Price Target</b>	\$46	<b>Years Of Dividend Growth:</b>	4
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Energy	<b>Rating:</b>	Hold

## Overview & Current Events

Suncor Energy is one of the largest integrated energy producers in Canada. The company is involved in all the aspects of the energy value chain, operating in three segments: Exploration & Production, Refining & Marketing, and Other. Suncor is headquartered in Calgary, Alberta, Canada and is cross listed on both the Toronto Stock Exchange and the New York Stock Exchange, where it trades under the ticker 'SU' with a market capitalization of US\$65 billion. Suncor reports financial results in Canadian dollars. However, the figures listed in this research report are in USD.

In early February, Suncor reported (2/3/26) results for the fourth quarter of 2025. It posted record quarterly production and refining volumes. It grew its production 4% over the prior year's quarter and posted refinery utilization of 108%. However, due to lower oil prices, adjusted operating income fell -12%. Suncor provided lackluster guidance for 2026, expecting production of 840,000-870,000 barrels per day (vs. 860,000 barrels per day in 2025) and refinery utilization of 97%-102%. Moreover, the company is still facing a headwind from lower oil prices amid increased output from OPEC.

Due to the severe downturn in the energy market in 2020, Suncor cut its dividend by -55% in that year and thus broke its 18-year growth streak (in CAD). The results of Suncor are very sensitive to commodity prices. On the bright side, thanks to above-average oil prices, Suncor has grown its dividend strongly in each of the last four years, to an all-time high.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.20	\$2.06	\$1.56	\$2.18	-\$1.15	\$2.03	\$6.24	\$3.78	\$3.77	\$3.38	<b>\$3.00</b>	<b>\$3.65</b>
<b>DPS</b>	\$0.84	\$0.99	\$1.11	\$1.27	\$0.83	\$0.83	\$1.45	\$1.55	\$1.61	\$1.65	<b>\$1.76</b>	<b>\$1.96</b>
<b>Shares<sup>1</sup></b>	1,668	1,641	1,585	1,536	1,525	1,453	1,350	1,296	1,258	1,201	<b>1,170</b>	<b>1,100</b>

Suncor was greatly affected by the pandemic in 2020, but the company has recovered strongly thanks to favorable oil prices and wide refining margins. Suncor expects to achieve growth thanks to the ramp-up of production at Fort Hills and Hebron and other growth projects, which enhance value within its integrated asset portfolio. The company also makes sustained efforts to reduce its operating expenses. Despite the strong results in 2017-2019, the losses posted in the last quarter of 2018 are a harsh reminder of the company's sensitivity to oil prices, particularly the discount of Canadian crude to WTI. The company benefited from above average oil prices in recent years thanks to deep production cuts of OPEC and Russia but the cartel has begun to restore its output and hence oil prices have plunged. The effect of lower oil prices is likely to be offset by production growth and an increase in refinery utilization, after extensive maintenance last year. Overall, we expect 4% average annual growth of earnings-per-share over the next five years.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
<b>Avg. P/E</b>	---	15.6	23.7	14.4	---	10.7	5.3	8.4	9.9	11.5	<b>18.3</b>	<b>12.6</b>
<b>Avg. Yld.</b>	3.2%	3.1%	3.0%	4.0%	4.6%	3.8%	4.4%	4.9%	4.3%	4.2%	<b>3.2%</b>	<b>4.3%</b>

<sup>1</sup> In millions.

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Like many large energy companies, Suncor's valuation history has been very volatile, as the company has battled tremendous fluctuations in its earnings-per-share. We believe that a fair price-to-earnings ratio for this energy company is 12.6, which is the 10-year average of the stock. Suncor is currently trading at a price-to-earnings ratio of 18.3, which is much higher than our assumed fair ratio. If the stock trades at our fair valuation level in five years, it will incur a -7.2% annualized drag in its returns.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	43.0%	47.8%	71.3%	58.0%	---	40.9%	23.2%	41.0%	42.7%	48.8%	<b>58.7%</b>	<b>53.8%</b>

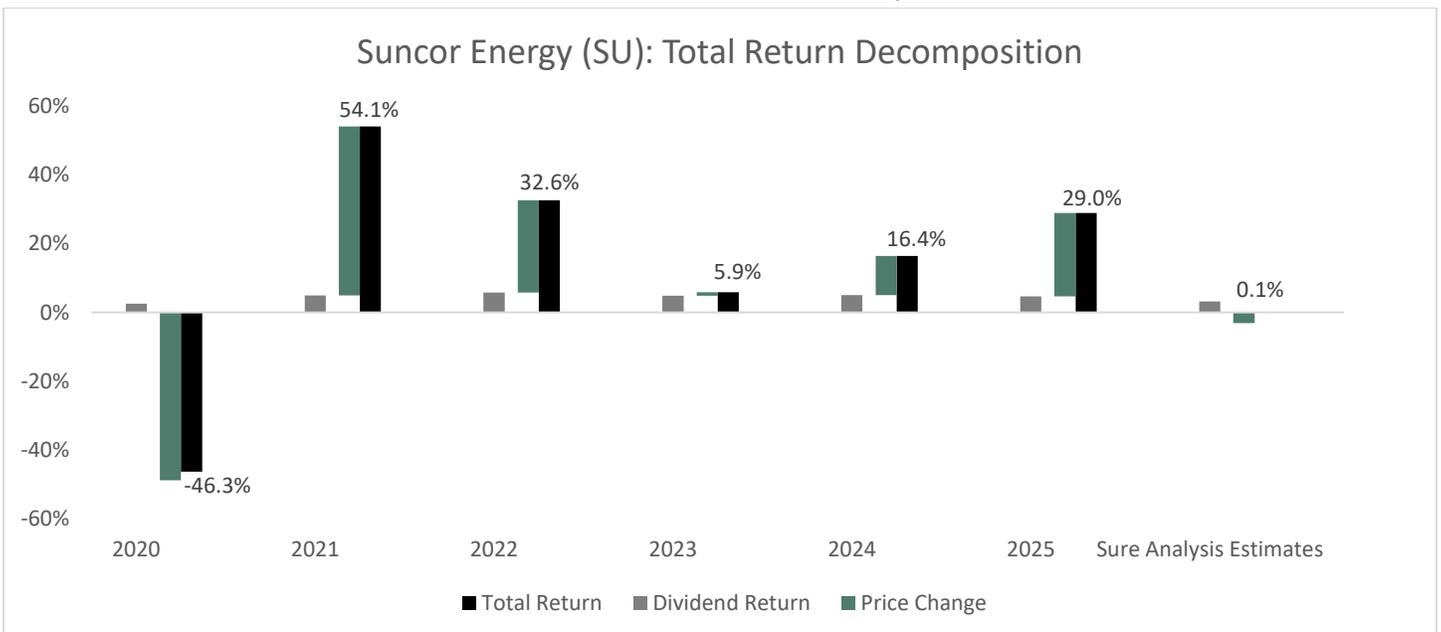
The integrated structure of Suncor Energy somewhat mitigates its exposure to the fluctuations of commodity prices. However, the company is still very sensitive to the underlying crude oil prices. In addition, as a commodity producer, Suncor lacks a meaningful competitive advantage. On the bright side, the company has a decent balance sheet, with only 50% of its assets financed through liabilities and a solid interest coverage ratio of 14.7.

Until recently, Suncor was a member of the S&P/TSX Canadian Dividend Aristocrats Index, which is comprised of companies included in the S&P Canada BMI that have increased their dividends for at least five consecutive years. Suncor's dividend growth streak extended well beyond this arbitrary five-year cutoff, but its high sensitivity to oil prices and its vulnerability to downturns forced the company to end its 18-year dividend growth streak (in CAD) in 2020 due to the pandemic. The high cyclicality of the stock and its volatile performance may render its dividend unsuitable for income-oriented investors.

## Final Thoughts & Recommendation

The stock of Suncor has surged 23% this year, primarily thanks to enthusiasm over an expected increase in the production of Venezuelan oil. The refineries of Suncor will benefit if the increased Venezuelan output results in supply glut and hence higher refining margins. However, Suncor has become richly valued. It could offer just a 0.1% average annual return over the next five years, as 4% growth of earnings-per-share and a 3.2% dividend may be nearly offset by a -7.2% valuation headwind. The stock maintains its hold rating, but investors should be aware of its high cyclicality.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	20,243	24,656	29,741	28,890	18,407	32,808	48,352	38,664	40,036	35,002
<b>Gross Profit</b>	8,165	11,753	14,408	11,460	4,496	15,546	22,117	18,102	17,960	15,203
<b>Gross Margin</b>	40.3%	47.7%	48.4%	39.7%	24.4%	47.4%	45.7%	46.8%	44.9%	43.4%
<b>SG&amp;A Exp.</b>	3,087	2,940	3,211	3,666	7,409	5,910	6,177	640	1,716	9,481
<b>Operating Profit</b>	76	3,551	4,959	1,483	(4,205)	5132	10,785	6,821	6,591	5,722
<b>Op. Margin</b>	0.4%	14.4%	16.7%	5.1%	-22.8%	15.6%	22.3%	17.6%	16.5%	16.3%
<b>Net Profit</b>	328	3,440	2,541	2,184	(3,224)	3,285	6,977	6,143	4,389	4,235
<b>Net Margin</b>	1.6%	14.0%	8.5%	7.6%	-17.5%	10.0%	14.4%	15.9%	11.0%	12.1%
<b>Free Cash Flow</b>	(681)	1,863	3,993	3,664	(934)	5,750	8,117	4,746	6,913	4,956
<b>Income Tax</b>	(271)	1,125	1,304	(276)	(1,327)	1,157	2,490	1,699	1,584	1,453

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	65,790	71,168	65,769	68,466	66,357	65,676	62,347	66,741	62,559	65,594
<b>Cash &amp; Equivalents</b>	2,237	2,125	1,631	1,500	1,478	1,729	1,459	1,303	2,428	2,663
<b>Acc. Receivable</b>	2,360	2,609	2,354	3,102	2,476	3,556	4,471	4,323	3,655	3,711
<b>Inventories</b>	2,403	2,758	2,319	2,879	2,837	3,223	3,727	4,044	3,512	3,736
<b>Goodwill &amp; Int.</b>	2,281	2,434	2,247	2,341	2,610	2,763	2,642	2,659	2,441	2,521
<b>Total Liabilities</b>	32,688	35,078	33,460	36,281	38,316	36,960	33,341	34,117	31,543	32,675
<b>Accounts Payable</b>	4,145	4,933	4,146	5,018	3,673	5,100	6,018	5,828	5,686	5,488
<b>Long-Term Debt</b>	12,928	11,396	12,738	11,513	14,736	12,160	9,289	8,730	7,208	10,581
<b>Total Equity</b>	33,102	36,090	32,308	32,185	28,041	28,716	29,006	32,624	31,016	32,919
<b>LTD/E Ratio</b>	0.39	0.32	0.39	0.36	0.53	0.42	0.32	0.27	0.23	0.32

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	0.5%	5.0%	3.7%	3.3%	-4.8%	5.0%	10.9%	9.5%	6.8%	6.6%
<b>Return on Equity</b>	1.1%	9.9%	7.4%	6.8%	-10.7%	11.6%	24.2%	19.9%	13.8%	13.3%
<b>ROIC</b>	0.8%	7.4%	5.5%	4.9%	-7.5%	7.9%	17.6%	15.4%	11.0%	10.0%
<b>Shares Out.</b>	1,668	1,641	1,585	1,536	1,525	1489	1390	1310	1276	1220
<b>Revenue/Share</b>	12.56	14.81	18.26	18.51	12.06	22.03	34.79	29.51	31.38	28.69
<b>FCF/Share</b>	(0.42)	1.12	2.45	2.35	(0.61)	3.86	5.84	3.62	5.42	4.06

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

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