Suncor Energy Inc. (SU)

Updated May 13th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$67	**5 Year CAGR Estimate:**	-3.0%	**Market Cap:**	$77 B
Fair Value Price:	$69	**5 Year Growth Estimate:**	-7.0%	**Ex-Dividend Date:**	6/4/2026
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	6/25/2026
Dividend Yield:	2.6%	**5 Year Price Target**	$48	**Years Of Dividend Growth:**	4
Dividend Risk Score:	F	**Sector:** Energy		**Rating:**	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$77 billion. Suncor reports financial results in Canadian dollars. However, the figures listed in this research report are in USD.

In early May, Suncor reported (5/5/26) results for the first quarter of 2026. It posted record first-quarter production and refining volumes. It grew its production 3% over the prior year's quarter and posted refinery utilization of 97%. It also greatly benefited from much higher oil prices, which resulted from the crisis in the Middle East. As a result, earnings-per-share surged 30%. Suncor has 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%. Nevertheless, due to the strong tailwind from the closure of Hormuz Straits, we have raised our forecast from $3.00 to $5.50.

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
EPS	$0.20	$2.06	$1.56	$2.18	-$1.15	$2.03	$6.24	$3.78	$3.77	$3.38	***$5.50***	***$3.83***
DPS	$0.84	$0.99	$1.11	$1.27	$0.83	$0.83	$1.45	$1.55	$1.61	$1.65	***$1.76***	***$1.96***
Shares[1]	1,668	1,641	1,585	1,536	1,525	1,453	1,350	1,296	1,258	1,201	***1,170***	***1,100***

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 is thriving right now thanks to sky-high oil prices amid the war in Iran but we expect this tailwind to fade in the upcoming years. Due to an exceptionally high comparison base this year, we expect a -7% average annual decrease in earnings-per-share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	15.6	23.7	14.4	---	10.7	5.3	8.4	9.9	11.5	***12.2***	***12.6***
Avg. Yld.	3.2%	3.1%	3.0%	4.0%	4.6%	3.8%	4.4%	4.9%	4.3%	4.2%	***2.6%***	***4.1%***

[1] 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 12.2, which is slightly lower than our assumed fair ratio. If the stock trades at our fair valuation level in five years, it will enjoy a 0.7% annualized gain 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%	***32.0%***	***51.3%***

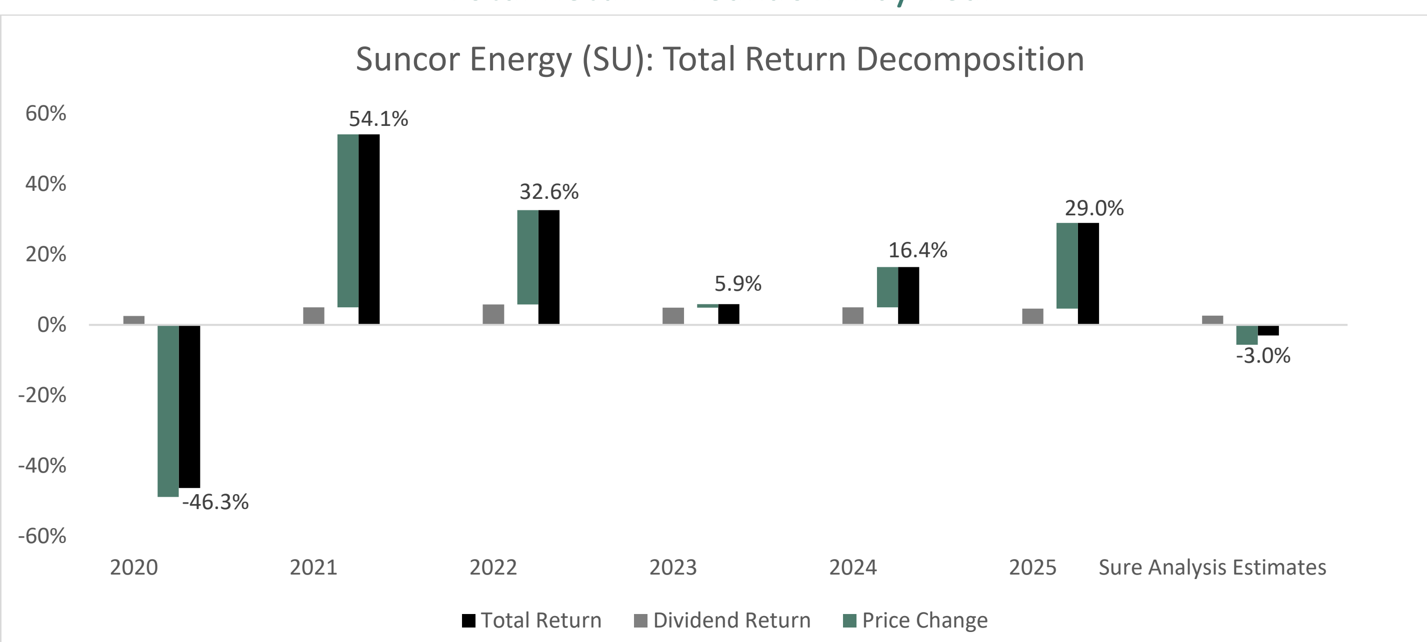
The integrated structure of Suncor Energy somewhat mitigates its exposure to the fluctuations of commodity prices. However, the company is still very sensitive to the underlying crude oil prices. In addition, as a commodity producer, Suncor lacks a meaningful competitive advantage. On the bright side, the company has a decent balance sheet, with only 51% of its assets financed through liabilities and a solid interest coverage ratio of 17.8.

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 50% this year, primarily thanks to sky-high oil prices amid the ongoing crisis in the Middle East. In addition, 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 a -3.0% average annual return over the next five years, as a 2.6% dividend and a 0.7% valuation tailwind may be offset by a -7% decrease in earnings-per-share. The stock maintains its hold rating, but investors should be aware of its high cyclicality.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	20,243	24,656	29,741	28,890	18,407	32,808	48,352	38,664	40,036	35,002
Gross Profit	8,165	11,753	14,408	11,460	4,496	15,546	22,117	18,102	17,960	15,203
Gross Margin	40.3%	47.7%	48.4%	39.7%	24.4%	47.4%	45.7%	46.8%	44.9%	43.4%
SG&A Exp.	3,087	2,940	3,211	3,666	7,409	5,910	6,177	640	1,716	9,481
Operating Profit	76	3,551	4,959	1,483	(4,205)	5132	10,785	6,821	6,591	5,722
Op. Margin	0.4%	14.4%	16.7%	5.1%	-22.8%	15.6%	22.3%	17.6%	16.5%	16.3%
Net Profit	328	3,440	2,541	2,184	(3,224)	3,285	6,977	6,143	4,389	4,235
Net Margin	1.6%	14.0%	8.5%	7.6%	-17.5%	10.0%	14.4%	15.9%	11.0%	12.1%
Free Cash Flow	(681)	1,863	3,993	3,664	(934)	5,750	8,117	4,746	6,913	4,956
Income Tax	(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
Total Assets	65,790	71,168	65,769	68,466	66,357	65,676	62,347	66,741	62,559	65,594
Cash & Equivalents	2,237	2,125	1,631	1,500	1,478	1,729	1,459	1,303	2,428	2,663
Acc. Receivable	2,360	2,609	2,354	3,102	2,476	3,556	4,471	4,323	3,655	3,711
Inventories	2,403	2,758	2,319	2,879	2,837	3,223	3,727	4,044	3,512	3,736
Goodwill & Int.	2,281	2,434	2,247	2,341	2,610	2,763	2,642	2,659	2,441	2,521
Total Liabilities	32,688	35,078	33,460	36,281	38,316	36,960	33,341	34,117	31,543	32,675
Accounts Payable	4,145	4,933	4,146	5,018	3,673	5,100	6,018	5,828	5,686	5,488
Long-Term Debt	12,928	11,396	12,738	11,513	14,736	12,160	9,289	8,730	7,208	10,581
Total Equity	33,102	36,090	32,308	32,185	28,041	28,716	29,006	32,624	31,016	32,919
LTD/E Ratio	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
Return on Assets	0.5%	5.0%	3.7%	3.3%	-4.8%	5.0%	10.9%	9.5%	6.8%	6.6%
Return on Equity	1.1%	9.9%	7.4%	6.8%	-10.7%	11.6%	24.2%	19.9%	13.8%	13.3%
ROIC	0.8%	7.4%	5.5%	4.9%	-7.5%	7.9%	17.6%	15.4%	11.0%	10.0%
Shares Out.	1,668	1,641	1,585	1,536	1,525	1489	1390	1310	1276	1220
Revenue/Share	12.56	14.81	18.26	18.51	12.06	22.03	34.79	29.51	31.38	28.69
FCF/Share	(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.