Sunoco LP (SUN)

Updated May 27th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$66	**5 Year CAGR Estimate:**	8.9%	**Market Cap:**	$9B
Fair Value Price:	$72	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	08/04/26[1]
% Fair Value:	92%	**5 Year Valuation Multiple Estimate:**	1.8%	**Dividend Payment Date:**	08/19/26[2]
Dividend Yield:	6.0%	**5 Year Price Target**	$79	**Years Of Dividend Growth:**	4
Dividend Risk Score:	D	**Sector:**	Energy	**Rating:**	Hold

Overview & Current Events

Sunoco is a master limited partnership that distributes a range of fuel products (wholesale and retail) and that is active in some adjacent industries such as pipelines. The wholesale unit purchases fuel products from refiners and sells those products to both its own and independently owned dealers. Sunoco was founded in 2012.

When Sunoco reported its first quarter earnings results, its revenues totaled $10.7 billion for the period, which was 106% more than the revenues that Sunoco generated during the previous year's quarter. This was a much better year-over-year performance compared to the previous quarter. Fuel prices movements can result in meaningful ups and downs in Sunoco's revenues, but some of Sunoco's revenue growth during the most recent quarter also came from M&A: Sunoco closed the acquisitions of Parkland and TanQuid over the last year.

Sunoco reported that its adjusted EBITDA was up 87% year over year, improving to $858 million during the quarter. Sunoco's distributable cash flows totaled $535 million during the quarter, which was higher compared to the previous year's quarter, and which equated to DCF of $3.88 per share, which covered the dividend easily. Sunoco has also increased its dividend to $3.96 per year in April.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DCF/Share	$4.14	$4.83	$5.48	$5.42	$6.23	$6.45	$7.65	$7.81	$9.08	$10.01	***$12.00***	***$13.25***
DPS	$3.26	$3.30	$3.30	$3.30	$3.30	$3.30	$3.30	$3.35	$3.47	$3.61	***$3.96***	***$4.59***
Shares[3]	52	98	83	83	83	84	84	85	119	137	***138***	***140***

Sunoco does not have a very long history, as the company was created just a little more than a decade ago. Over the last decade, results showed relatively solid and mostly reliable growth, although there were times when cash flow-per-share pulled back a little. Over time, Sunoco's share count has risen quite a lot, as the company regularly issues new shares to fund acquisitions, such as the NuStar Energy takeover or the Parkland takeover. Despite the dilutive impact of these share repurchases, DCF-per-share has been growing over time, as company-wide growth was more pronounced than the headwind of a rising share count.

In Sunoco's industry, the company profits from significant scale advantages. In Texas, Sunoco is one of the largest independent fuel distributors, and Sunoco is also among the top distributors of branded motor fuel in the United States. In the fuel wholesale industry, scale is important, as increased scale allows for higher margins and a better negotiating position with suppliers. Total gasoline sales declined relatively steadily during the 2000s, but have since bottomed and started to rise again. In recent years, Sunoco has moved into some adjacent industries via several major takeovers, partially financed via the issuance of new shares, adding terminals, storage, and even some pipeline exposure. This could help further diversify the company's results and will possibly make Sunoco's cash flows more sustainable during future recessions. We do expect some, but not a lot of, DCF-per-share growth from Sunoco in the future.

[1] Estimated date
[2] Estimated date
[3] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/DCF	6.5	6.0	4.7	5.7	4.7	6.4	5.6	7.3	5.6	5.2	***5.5***	***6.0***
Avg. Yld.	9.8%	11.8%	12.7%	10.6%	11.4%	8.0%	7.7%	5.9%	6.9%	6.9%	***6.0%***	***5.8%***

Sunoco trades at an undemanding price-to-DCF multiple right now in absolute terms as well as in relative terms. Over the last decade, Sunoco's valuation has usually been in the mid-to-high-single-digits. We see some upside potential for its shares from the current level, while Sunoco also offers a very solid dividend yield of 6%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	79%	68%	60%	61%	53%	51%	43%	43%	38%	36%	***33%***	***35%***

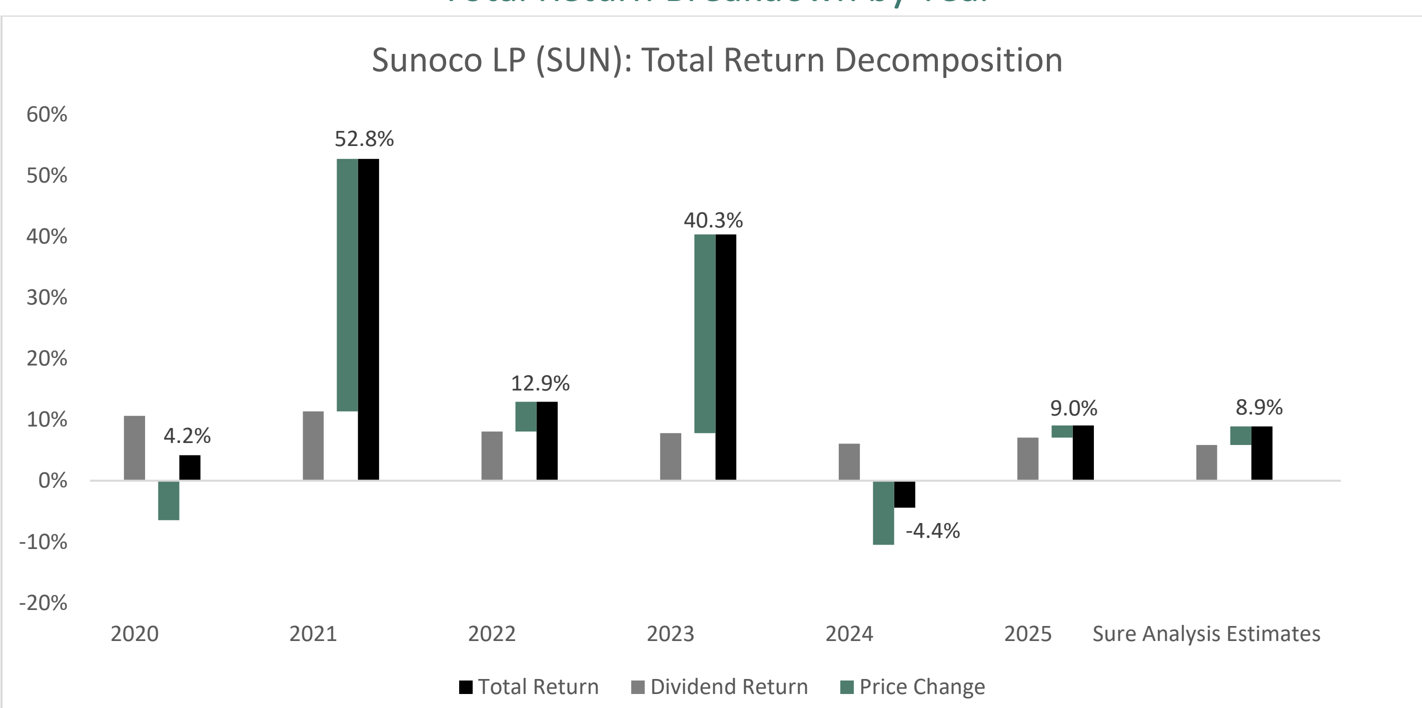
Sunoco's dividend payout ratio has moved in a wide range throughout its existence, as its cash flow has seen some ups and downs. The company has never cut its dividend, but it didn't increase the dividend regularly, either. The current yield provides ample income, but we forecast a rather low dividend growth rate, which hurts the dividend risk score, especially in combination with the relatively short dividend growth track record.

Sunoco is one of the largest fuel wholesalers in Texas, which provides competitive advantages in terms of size and scale. It is also a key distributor for Exxon and Chevron branded fuels, and the company has good relationships with these energy giants. Via tuck-in acquisitions, Sunoco could increase its scale advantage further over the coming years.

Final Thoughts & Recommendation

Sunoco is a mid-sized fuel wholesale and energy infrastructure player. While this isn't a high-growth industry, Sunoco's business is throwing off a lot of cash that can be used for M&A and dividends. The company weathered the coronavirus crisis well and has grown its DCF-per-share at a solid pace in the recent past, in part thanks to takeovers. The company trades slightly below our fair value estimate right now and we rate the company a hold at current prices.

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	9,986	11,723	16,994	16,596	10,710	17,596	25,729	23,068	22,693	25,201
Gross Profit	980	939	940	1,033	867	1,173	1,186	1,178	1,730	2,104
Gross Margin	9.8%	8.0%	5.5%	6.2%	8.1%	6.7%	4.6%	5.1%	7.6%	8.4%
SG&A Exp.	236	221	213	197	173	168	183	194	349	410
Operating Profit	370	343	364	532	419	735	665	628	836	929
Operating Margin	3.7%	2.9%	2.1%	3.2%	3.9%	4.2%	2.6%	2.7%	3.7%	3.7%
Net Profit	(406)	149	(207)	235	135	446	397	311	716	313
Net Margin	3.7%	2.9%	2.1%	3.2%	3.9%	4.2%	2.6%	2.7%	3.7%	1.2%
Free Cash Flow	390	297	(142)	287	378	369	375	385	205	615
Income Tax							26	36	175	62

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	8,701	8,344	4,879	5,438	5,267	5,815	6,830	6,826	14375	28362
Cash & Equivalents	103	28	56	21	97	25	82	29	94	891
Accounts Receivable	361	285	299	337	239	428	755	703	1,058	1,686
Inventories	423	426	374	419	382	534	821	889	1,068	2,383
Goodwill & Int.	2,325	2,198	2,267	2,201	2,152	2,110	2,189	2,143	2,024	5,437
Total Liabilities	6,505	6,097	4,095	4,680	4,635	5,004	5,888	5,848	10307	20353
Accounts Payable	616	559	412	445	267	515	966	828	1,255	2,816
Long-Term Debt	4,514	4,290	2,985	3,071	3,112	3,255	3,571	3,486	7,486	13,372

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-4.6%	1.7%	-3.1%	4.6%	2.5%	8.0%	6.3%	4.6%	6.8%	1.5%
Return on Equity	-10.9%	6.7%	-13.7%	30.5%	19.4%	61.8%	45.3%	32.4%	28.4%	5.2%
Shares Out.	52	98	83	83	83	84	84	85	119	137
Revenue/Share	106.68	117.55	200.35	198.63	127.93	208.39	303.39	271.09	190.15	183.68
FCF/Share	4.17	2.98	(1.67)	3.44	4.52	4.37	4.42	4.52	1.72	4.48

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