Cenovus Energy (CVE)

Updated August 27th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$31	**5 Year CAGR Estimate:**	-5.0%	**Market Cap:**	$57 B
Fair Value Price:	$35	**5 Year Growth Estimate:**	-10.0%	**Ex-Dividend Date:**	9/15/2026
% Fair Value:	89%	**5 Year Valuation Multiple Estimate:**	2.3%	**Dividend Payment Date:**	9/29/2026
Dividend Yield:	2.0%	**5 Year Price Target**	$21	**Years Of Dividend Growth[1]:**	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$57 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 have enabled the integrated development of the region. Cenovus Energy expects to reap $150 million of annual synergies in 2026 and 2027 and more than $400 million of annual synergies beginning from 2028.

On July 29th, 2026, Cenovus Energy reported results for Q2-2026. It grew its production 26% over last year's quarter, mostly thanks to the acquisition of MEG Energy. It also achieved a refinery utilization rate of 95%. Given also the high oil prices and wide refining margins amid the crisis in Iran, earnings-per-share more than quadrupled off a low base. Some growth projects are nearing completion and hence the company is likely to continue growing its output in the upcoming quarters. As the crisis in Iran has lasted longer than expected, we have raised our forecast for 2026 from $2.80 to $3.00.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-$0.41	$1.64	-$1.74	$1.37	-$1.52	$0.21	$2.36	$1.60	$1.34	$1.50	***$3.00***	***$1.77***
DPS	$0.15	$0.16	$0.15	$0.16	$0.05	$0.07	$0.27	$0.39	$0.49	$0.56	***$0.63***	***$0.73***
Shares[2]	833	1,103	1,229	1,229	1,229	2,045	2,006	1,891	1,839	1,836	***1,830***	***1,650***

Cenovus Energy grew its proved plus probable reserves from 8.5 to 9.6 billion barrels in 2025 and thus it now has a sector-leading reserve lifetime index of 28 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. Given the exceptionally high comparison base formed by the earnings this year, we expect a -10.0% average annual decrease in earnings-per-share over the next five years.

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[1] In CAD

[2] 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	6.2	---	6.5	---	42.9	7.6	11.4	13.4	10.0	***10.3***	***11.6***
Avg. Yld.	1.1%	1.6%	1.6%	1.8%	0.9%	0.8%	1.5%	2.1%	2.7%	3.7%	***2.0%***	***3.6%***

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 10.3. If it trades at our assumed fair valuation level in five years, it will enjoy an annualized valuation gain of 2.3% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Std. Dev.	---	10%	---	12%	---	33%	11%	24%	37%	37%	***21%***	***41%***

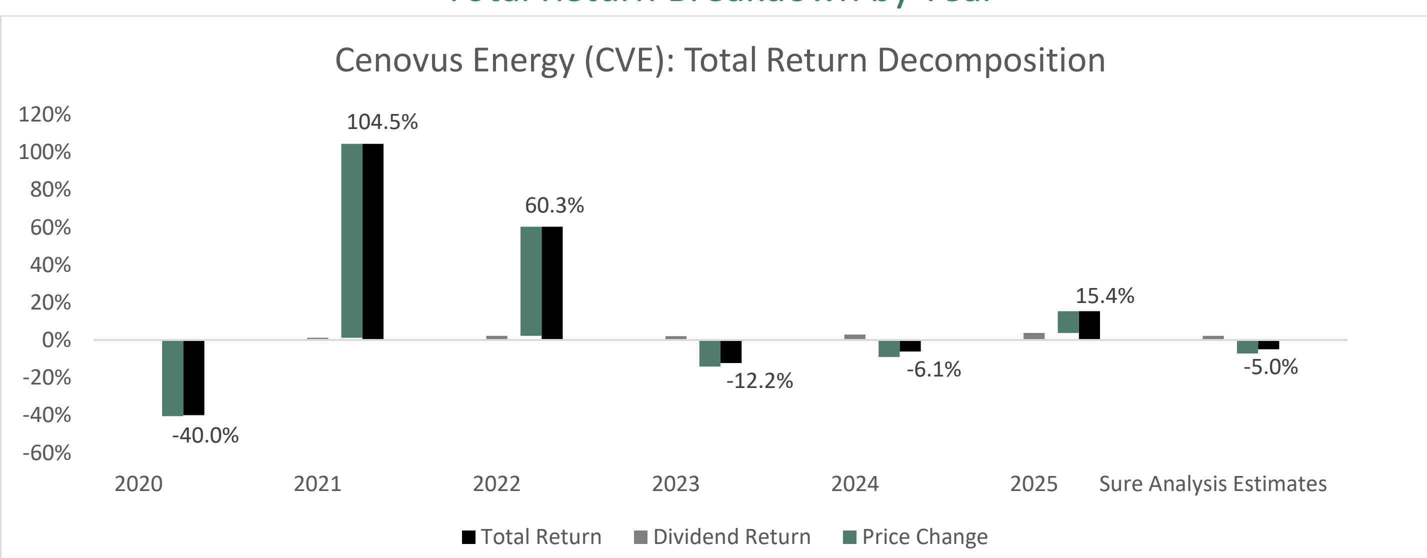
The competitive advantage of Cenovus Energy is the high quality of its assets, which have a long life, low decline rates and low production costs. All the growth projects of the company are meaningfully profitable even at a price of WTI of $45. At such a low price of oil, the company can fund its capital expenses and its dividend. Moreover, Cenovus Energy has a rock-solid balance sheet, with a leverage ratio of only 0.6x and an interest coverage ratio of 23x.

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 brighter than its past thanks to strong production growth. On the other hand, the tailwind from the high price of oil and wide refining margins amid the crisis in Iran is likely to fade in the upcoming years. The stock could offer a 5-year average annual return of -5.0%, as a 2.0% dividend and a 2.3% valuation tailwind may be offset by a-10.0% decrease in earnings-per-share. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	8,307	13,130	16,081	15,209	10,097	36,975	51,386	38,679	39,619	35,566
Gross Profit	85	414	(285)	1,601	(1,062)	4,577	8,724	4,564	4,110	3,719
Gross Margin	1.0%	3.2%	-1.8%	10.5%	-10.5%	12.4%	17.0%	11.8%	10.4%	10.5%
SG&A Exp.	246	237	302	253	218	677	664	510	580	581
Depr. & Amor.	1,229	1,663	1,713	1,714	1,874	3,606	3,486	3,552	3,720	3,890
Operating Profit	(188)	149	(1,045)	1,337	(1,280)	3,900	8,060	4,054	3,530	3,138
Op. Margin	-2.3%	1.1%	-6.5%	8.8%	-12.7%	10.5%	15.7%	10.5%	8.9%	8.8%
Net Profit	(346)	1,747	(2,250)	1,653	(1,774)	468	4,954	3,044	2,293	2,813
Net Margin	-4.2%	13.3%	-14.0%	10.9%	-17.6%	1.3%	9.6%	7.9%	5.8%	7.9%
Free Cash Flow	(131)	1,070	599	1,584	(437)	2,677	5,911	2,289	3,080	2,377
Income Tax	(259)	(40)	(779)	(601)	(634)	581	1,752	690	678	391

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	18,834	33,309	26,254	27,934	26,438	43,434	41,233	40,888	39,312	46,270
Cash & Equivalents	2,790	537	691	143	297	2,274	3,339	1,689	2,151	1,999
Acc. Receivable	59	154	184	159	902	2,017	2,186	2,064	1,653	2,222
Inventories	922	1,109	742	1,181	855	3,103	3,182	3,056	3,126	2,443
Total Liabilities	180	1,813	1,663	1,830	1,853	2,811	2,171	2,217	2,040	23,189
Accounts Payable	10,192	17,362	13,465	13,127	13,324	24,744	20,872	19,113	18,614	4,014
Long-Term Debt	1,690	269	562	724	477	2,022	1,720	815	699	10,364
Total Equity	4,722	7,592	6,710	6,644	7,220	12,146	8,507	7,406	7,274	22,987
LTD/E Ratio	8,642	15,947	12,790	14,807	13,114	18,269	19,969	21,370	20,441	0.45

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-1.8%	6.7%	-7.6%	6.1%	-6.5%	1.3%	11.7%	7.4%	5.7%	6.6%
Return on Equity	-3.9%	14.2%	-15.7%	12.0%	-12.7%	2.9%	25.4%	14.5%	10.8%	12.8%
ROIC	-2.6%	9.5%	-10.5%	8.1%	-8.5%	1.8%	16.6%	10.4%	8.0%	9.1%
Shares Out.	833	1,103	1,229	1,229	1,229	2,045	2,006	1,891	1,839	1,820
Revenue/Share	9.97	11.91	13.09	12.37	8.22	18.08	25.61	20.09	21.26	19.54
FCF/Share	(0.16)	0.97	0.49	1.29	(0.36)	1.31	2.95	1.19	1.65	1.31

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