

Five for Friday- Burgeoning Buyback Potential Part 2

[Last week's Five for Friday](#) highlighted large-cap energy companies with *a high potential for returning capital to investors through share buybacks.* Since many governments are incentivizing renewable energy sources and penalizing carbon-based energies, traditional carbon-based energy companies may likely divert profits from exploration toward shareholders.

This week we take the analysis another step. We seek energy companies with excess cash and trading at cheap valuations. With the possibility of a recession looming, companies with a margin of cushion, i.e., low valuations, should hold up better than stocks with high valuations. The selected companies may elect to buy back stock or increase dividends to support their stocks in a weaker market.

We relaxed the market cap from >\$50 billion to >\$10 billion to include more stocks. A good number of stocks remained after our valuation additions and lower market cap threshold. As a result, we chose the five with the lowest Forward Price to Earnings ratio. SHEL is the only stock in both screens.

Screening Criteria

- Market Capitalization >\$10B
- Price/Free Cash Flow <10
- Price/Sales <1.5
- LT Debt/Equity <0.5

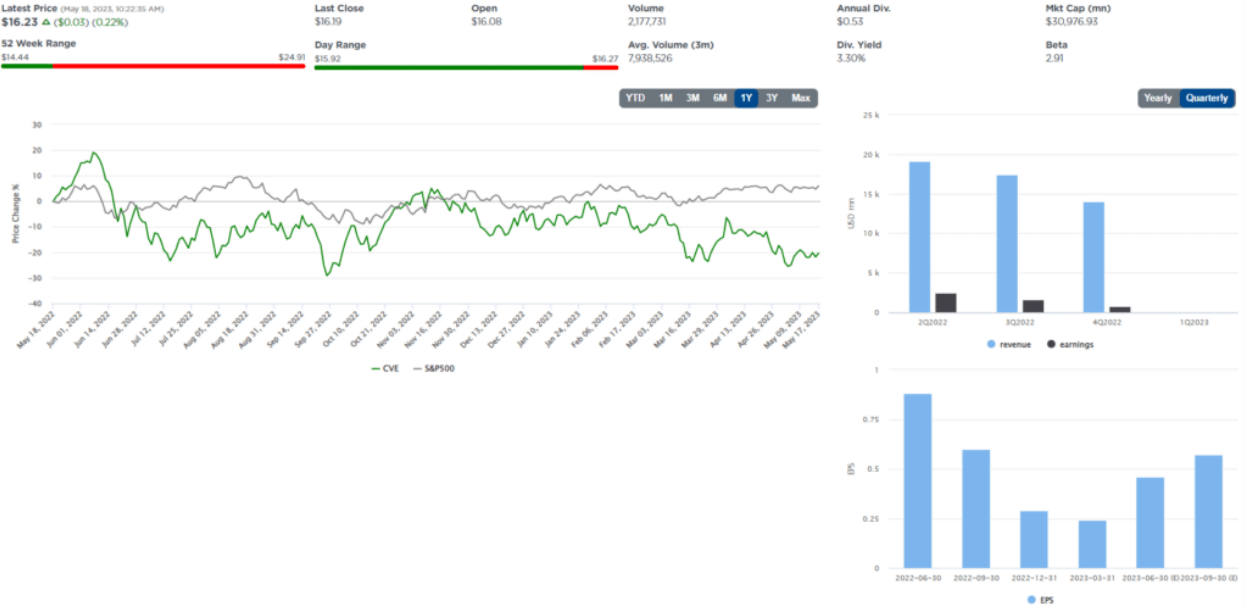
Ticker	Market Cap (\$B)	Price to Earnings	Forward Price to Earnings	Price to Sales	Price to Free Cash Flow	LT Debt to Equity
CVE	30.50	7.70	4.41	0.66	7.73	0.41
SU	38.40	6.49	4.99	0.91	4.80	0.32
IMO	35.70	5.25	5.11	0.61	6.92	0.17
SHEL	205.70	5.01	6.70	0.54	5.76	0.39
VLO	40.01	3.14	7.88	0.23	2.96	0.41

Company Summaries

Cenovus Energy (CVE)

Cenovus Energy Inc. (CVE) - Oil & Gas Integrated

Description [Read Less](#)
Cenovus Energy Inc., together with its subsidiaries, develops, produces, refines, transports, and markets crude oil and natural gas in Canada and internationally. The company operates through Oil Sands, Conventional, Offshore, Canadian Manufacturing, and U.S. Manufacturing segments. The Oil Sands segment develops and produces bitumen and heavy oil in northern Alberta and Saskatchewan. This segment assets include Foster Creek, Christina Lake, and Sunrise projects, as well as Lloydminster thermal and conventional heavy oil assets. The Conventional segment holds natural gas liquids and natural gas assets primarily located in Elmworth-Wapiti, Kaybob-Edison, Clearwater, and Rainbow Lake operating in Alberta and British Columbia, as well as interests in various natural gas processing facilities. The Offshore segment engages in offshore operation, exploration, and development activities in China and the East Coast of Canada. The Canadian Manufacturing segment comprises the owned and operated Lloydminster upgrading and asphalt refining complex, which converts heavy oil and bitumen into synthetic crude oil, diesel, asphalt, and other ancillary products, as well as owns and operates the Bruderheim crude-by-rail terminal and ethanol plants; and markets its production of its own and third-party products. The U.S. Manufacturing segment includes the refining of crude oil to produce gasoline, diesel, jet fuel, asphalt, and other products. Cenovus Energy Inc. was founded in 2009 and is headquartered in Calgary, Canada.



Imperial Oil Limited (IMO) - Oil & Gas Integrated

Description [\(Read Less\)](#)

Imperial Oil Limited engages in exploration, production, and sale of crude oil and natural gas in Canada. The company operates through three segments: Upstream, Downstream and Chemical segments. The Upstream segment explores for, and produces crude oil, natural gas, synthetic crude oil, and bitumen. The Downstream segment is involved in the transportation and refining of crude oil, blending of refined products, and the distribution and marketing of refined products. It also transports crude oil production and third-party crude oil to refineries by contracted pipelines, common carrier pipelines, and rail, owns and operates refineries; maintains a distribution system to move petroleum products to market by pipeline, tanker, rail, and road transport; owns and operates fuel terminals, natural gas liquids, and products pipelines in Alberta, Manitoba, and Ontario; markets petroleum products under the Esso and Mobil brands; and sells petroleum products, including fuel, asphalt, and lubricants for industrial and transportation customers, independent marketers, and resellers, as well as other refiners serving the agriculture, residential heating, and commercial markets through branded fuel and lubricant resellers. The Chemical segment manufactures and markets various benzene, aromatic and aliphatic solvents, plasticizer intermediates, and polyethylene resin; and markets refinery grade propylene. The company was incorporated in 1880 and is headquartered in Calgary, Canada. Imperial Oil Limited is a subsidiary of Exxon Mobil Corporation.

Latest Price (May 18, 2023, 10:20:35 AM)

\$45.89 ▼ (-\$0.24) (-0.52%)

Last Close

\$46.13

Open

\$45.83

Volume

76,478

Annual Div.

\$1.56

Mkt Cap (mn)

\$26,812.75

52 Week Range

\$39.95

Day Range

\$58.99

Day Range

\$45.27

Avg. Volume (3m)

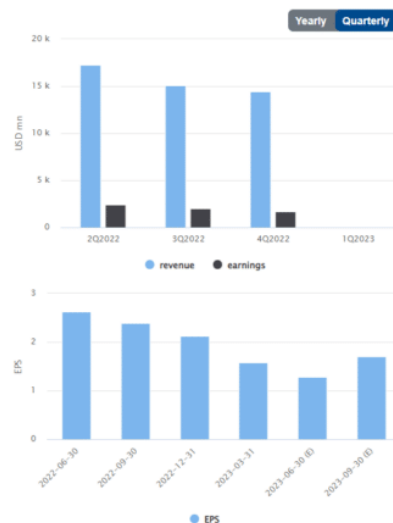
454,526

Div. Yield

3.38%

Beta

1.89



Shell PLC (SHL)

Shell plc (SHEL) - Oil & Gas Integrated

Description [\(Read Less\)](#)

Shell plc operates as an energy and petrochemical company Europe, Asia, Oceania, Africa, the United States, and Rest of the Americas. The company operates through Integrated Gas, Upstream, Marketing, Chemicals and Products, and Renewables and Energy Solutions segments. It explores for and extracts crude oil, natural gas, and natural gas liquids; markets and transports oil and gas; produces gas-to-liquids fuels and other products; and operates upstream and midstream infrastructure necessary to deliver gas to market. The company also markets and trades natural gas, liquefied natural gas (LNG), crude oil, electricity, carbon-emission rights; and markets and sells LNG as a fuel for heavy-duty vehicles. In addition, it trades in and refines crude oil and other feed stocks, such as low-carbon fuels, lubricants, bitumen, sulphur, gasoline, diesel, aviation fuel, and marine fuel; produces and sells petrochemicals for industrial use; and manages oil sands activities. Further, the company produces base chemicals comprising ethylene, propylene, and aromatics, as well as intermediate chemicals, such as styrene monomer, propylene oxide, solvents, detergent alcohols, ethylene oxide, and ethylene glycol. Additionally, it generates electricity through wind and solar resources; produces and sells hydrogen; and provides electric vehicle charging services. The company was formerly known as Royal Dutch Shell plc and changed its name to Shell plc in January 2022. Shell plc was founded in 1907 and is headquartered in London, the United Kingdom.

Latest Price (May 18, 2023, 10:26:36 AM)

\$60.06 ▼ (-\$0.15) (-0.26%)

Last Close

\$60.22

Open

\$60.43

Volume

1,503,205

Annual Div.

\$1.08

Mkt Cap (mn)

\$205,443.04

52 Week Range

\$44.90

Day Range

\$62.75

Day Range

\$59.91

Avg. Volume (3m)

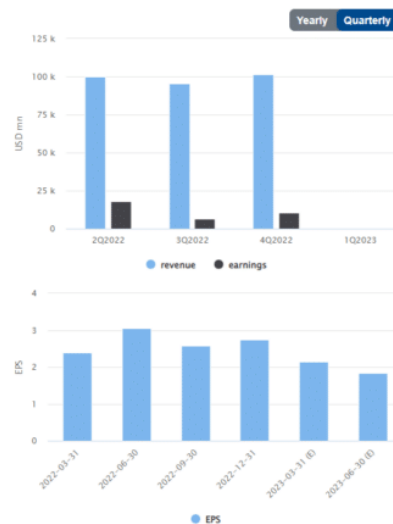
\$60.43

Div. Yield

1.79%

Beta

0.63



Valero Energy (VLO)

Valero Energy Corporation (VLO) - Oil & Gas Refining & Marketing

Description [Read Less](#)

Valero Energy Corporation manufactures, markets, and sells transportation fuels and petrochemical products in the United States, Canada, the United Kingdom, Ireland, Latin America, and internationally. It operates through three segments: Refining, Renewable Diesel, and Ethanol. The company produces California Reformulated Gasoline Blendstock for Oxygenate Blending and Conventional Blendstock for Oxygenate Blending gasolines, CARB diesel, diesel, jet fuel, and asphalt; aromatics; and sulfur crude oils. It sells its refined products through wholesale rack and bulk markets; and through approximately outlets under the Valero, Beacon, Diamond Shamrock, Shamrock, Ultramar, and Texaco brands. The company also produces and sells ethanol, dry distiller grains, syrup, and inedible corn oil primarily to animal feed customers. In addition, it owns and operates crude oil and refined petroleum products pipelines, terminals, tanks, marine docks, truck rack bays, and other logistics assets; and owns and operates a plant that processes animal fats, used cooking oils, and inedible distillers corn oils. The company was formerly known as Valero Refining and Marketing Company and changed its name to Valero Energy Corporation in August 1997. Valero Energy Corporation was founded in 1980 and is headquartered in San Antonio, Texas.

