



Rating: Buy
 S&P 500: 1377
 Intraday

Suncor Energy Booming Oil

<i>Symbol</i>	SU	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	7,000
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	115.02	<i>Natural Gas and Oil Production/Ebitda (%)</i>	90
<i>Pricing Date</i>	4/23/08	<i>Adjusted Reserves/Production NTM</i>	25.1
<i>Shares (mm)</i>	473	<i>EV/Ebitda</i>	8.4
<i>Market Capitalization (US\$mm)</i>	54,400	<i>PV/Ebitda</i>	8.9
<i>Debt (US\$mm)</i>	4,900	<i>Undeveloped Reserves (%)</i>	33
<i>Enterprise Value (EV) (US\$mm)</i>	59,300	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	59.80
<i>Present Value (PV) (US\$mm)</i>	62,600	<i>Present Value Proven Reserves(US\$/boe)</i>	21.02
<i>Net Present Value (US\$/share)</i>	122	<i>Present Value Proven Reserves(US\$/mcf)</i>	3.50
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/sh)</i>	7.79
<i>McDep Ratio - EV/PV</i>	0.95	<i>Price/Earnings Next Twelve Months</i>	15
<i>Dividend Yield (%/year)</i>	0.3	<i>Indicated Annual Dividend (US\$/sh)</i>	0.40
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of SU since 2004 see www.mcdep.com/2su.htm			

Summary and Recommendation

Booming oil price is good for buy-recommended **Suncor (SU)** with its 91% concentration by value on the liquid commodity and its multibillion dollar investment program to develop new supply in Canadian oil sands. Net present value (NPV) of US\$122 a share estimated on the basis of a long-term oil price of \$80 a barrel oil seems likely to increase considering the latest quote is almost \$120 a barrel. First quarter results released today met our expectations from three months ago for cash flow and earnings. New capacity starts taking volume up toward 350,000 barrels daily in the second half contributing to a high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). Before the next adjustment for higher long-term oil and gas price expectations, NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). At the same time, to control the risk of unexpected negative surprise, investors can limit the size of an SU position. We carry the stock as part of an unlevered weight of 50% for oil production in the illustrative McDep Energy Portfolio of 27 buy recommendations.

Kurt H. Wulff, CFA

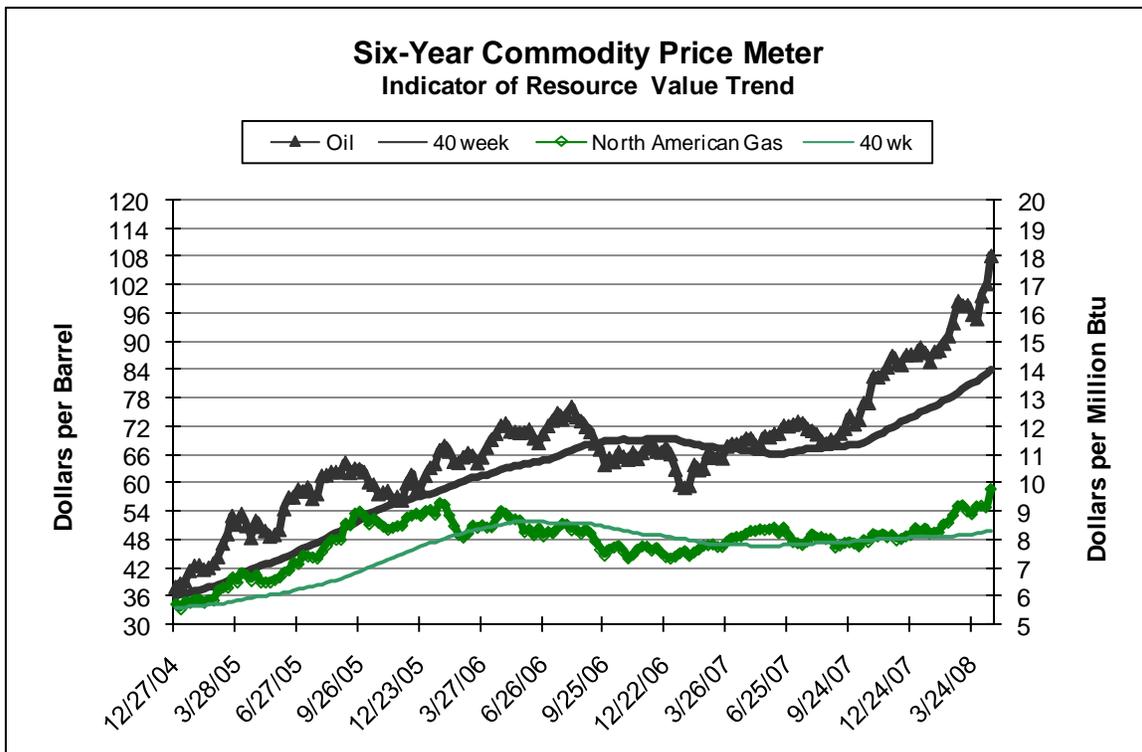
McDep LLC
Independent Stock Idea
 April 24, 2008



Suncor									
Next Twelve Months Operations									
(Canadian Dollars)									
									<i>Next</i>
									<i>Twelve</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Months</i>
	<i>3/31/07</i>	<i>12/31/07</i>	<i>2007</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>9/30/08</i>	<i>12/31/08</i>	<i>2008E</i>	<i>3/31/09</i>
Volume									
Natural Gas (mmcf)	191	210	196	209	209	209	209	210	209
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	258	255	238	248	248	300	310	277	292
Total gas & oil (bcf)	156	160	592	155	155	185	190	684	716
Total gas & oil (mbd))	289	290	270	283	283	335	345	312	327
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.40	11.07	11.47	10.24	11.21
Currency (US\$/C\$)	0.85	1.02	0.93	1.00	0.99	0.99	0.99	0.99	0.99
Henry Hub (C\$/mmbtu)	7.97	6.84	7.39	8.05	10.46	11.14	11.54	10.30	11.28
Company	7.14	6.02	6.27	7.30	9.48	10.10	10.46	9.34	10.22
Oil (\$/bbl)									
WTI Cushing	58.08	90.67	72.28	97.94	115.46	115.06	113.29	110.44	113.91
WTI Cushing (C\$/bbl)	68.01	88.91	76.78	98.40	116.18	115.77	114.00	111.09	114.62
Company	65.50	82.09	73.84	95.79	113.11	112.71	110.99	108.54	111.51
Total gas & oil (\$/mcf)	10.50	12.76	11.58	14.90	17.70	17.88	17.69	17.11	17.69
NY Harbor 3-2-1 (\$/bbl)	11.68	8.19	14.37	7.57	12.65	13.26	10.15	10.91	12.06
Revenue (\$mm)									
Natural Gas	123	116	449	139	180	194	201	714	780
Oil	1,519	1,926	6,406	2,165	2,557	3,111	3,165	10,998	11,889
Other	2,310	2,916	11,078	3,684	3,684	3,684	3,684	14,735	14,735
Total	3,951	4,958	17,933	5,988	6,421	6,989	7,050	26,448	27,404
Expense									
	2,840	3,678	13,127	4,481	4,416	4,878	5,016	18,791	19,094
Ebitda (\$mm)									
Exploration and Production	903	1,266	4,093	1,303	1,642	1,983	2,020	6,948	7,601
Other	208	14	712	205	363	127	14	709	709
Total Ebitda	1,111	1,280	4,806	1,507	2,005	2,110	2,034	7,657	8,310
Exploration	32	17	95	12	12	12	12	48	56
Deprec., Deplet., & Amort.	190	266	900	248	248	248	248	992	992
Ebit									
	889	997	3,811	1,247	1,745	1,850	1,774	6,617	7,262
Interest	41	58	194	61	61	61	61	245	245
Ebt									
	848	939	3,616	1,186	1,684	1,789	1,713	6,372	7,018
Income Tax	297	329	1,266	415	589	626	600	2,230	2,456
Net Income (\$mm)									
									-
Exploration and Production	457	1,031	2,459	714	941	1,147	1,160	3,962	4,379
Other	99	-	345	95	208	74	8	385	408
Unallocated	(5)	(421)	(453)	(38)	(54)	(57)	(55)	(204)	(225)
Total	551	610	2,351	771	1,094	1,163	1,113	4,142	4,562
Shares (millions)									
	471	473	472	473	473	473	473	473	473
Per share (\$)	1.17	1.29	4.98	1.63	2.31	2.46	2.35	8.76	9.64
Ebitda Margin (E&P)	55%	62%	60%	57%	60%	60%	60%	59%	60%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Suncor					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	390	7.4	4.9	1,900	3%
Oil	7,170	23.7	8.1	58,300	91%
Downstream	700		5.1	3,600	6%
	8,260	22.2	7.7	63,800	100%
Debt (US\$mm)					6,100
Net Present Value (US\$mm)					57,700
Shares (mm)					473
Net Present Value - Standard Estimate (US\$/sh)					122



McDep LLC
Independent Stock Idea

April 24, 2008



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