Are These 3 Dividends In Danger?

Description

For investors simply relying on the “Summary” page of Google- or Yahoo! Finance for the data used in investing decisions, a high dividend yield can be awfully misleading. Dividend yields are often allowed to reach peer-leading heights by an increasing tolerance for higher payout ratios (i.e. Dividends per Share / Earnings per Share). What should be examined at companies pushing the upper bounds of the payout ratio spectrum is their leverage situation, which will hint at the company’s ability to maintain that high distribution.

Several major energy and materials producers fell under the net of my screen for companies with debt-to-equity ratios higher than 50% in tandem with payout ratios above 75%. For my take on if three of these particular companies have put their dividend and, in turn, your investment income at risk, tune in below.

This video was created by Taylor Muckerman, a contributor to Fool.com.

Fool contributor Taylor Muckerman does not own any of the companies mentioned in this post at this time. The Motley Fool doesn’t own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:TRP (TC Energy Corporation)

Category

1. Investing

Date
2025/09/10

Date Created
2013/05/23
Author
motley-fool-staff