



1 Great Dividend You Can Buy Today

Description

This stock looks like one of the safest in the country thanks to its enormous profitability and sprawling asset base.

With an annual net income of nearly \$2.8 billion, the company is more profitable than **Tim Hortons**, **Loblaw**, and **Telus** combined. Last quarter, this company produced 329,000 barrels of oil per day supplying 20% of Canada's energy needs.

And then there are the dividends. The company has increased its distribution for 18 consecutive years. Since 2003, the firm has paid out \$13.5 billion to investors in dividends and share buybacks, more than any other company in Canada.

Is this Canada's ultimate dividend stock?

It may surprise you that this company is **Imperial Oil** ([TSX: IMO](#))(NYSE: IMO), one of the market's most widely held stocks. It's even a member of the S&P/TSX 60 index with a market capitalization of \$45 billion.

Imperial is the titan of the Canadian oil patch. The company's energy production operations span from the Alberta oil sands to the Atlantic Ocean and up to the Arctic Circle. And in addition to exploring for oil, the company is also involved in refining energy products across the country.

In other words, Imperial powers our modern society. Without the commodities the company delivers to customers everyday, our lives would be drastically different. And while the world's appetite for energy grows, Imperial is well positioned to satisfy that hunger with a long list of expansion projects. For instance...

- The Kearl Oil Sands project, located 70 kilometres north of Fort McMurray, Alberta, is one of Canada's largest oil sands deposits with an estimated 4.6 billion barrels of recoverable bitumen resource. Once fully operational in 2020, the mine is expected to produce 345,000 barrels of oil per day for the next 40 years.
- In 2012, the company along with its partner **ExxonMobil** filed an application with the National

Energy Board for approval to export 30 million tons of liquefied natural gas annually for 25 years from British Columbia's west coast.

- In 2013, Imperial added 325,000 net acres in up-and-coming shale plays like the British Columbia Montney and the Alberta Duvernay. This acquisition adds massive quantities of liquids-rich natural gas resources to Imperial's unconventional portfolio.

If that sounds like an opportunity, I'd agree. Altogether, Imperial is expected to double its oil production to 600,000 barrels per day over the next decade.

The best news is that most of those billions in earnings are likely to make their way to Imperial shareholders. Only a decade ago, the company paid a modest dividend of 7.3 cents per share every quarter. Since then the dividend has been increased nine times to \$0.13 per share — a 78% increase.

However, the best has yet to come. Last year, Imperial doled out \$407 million in dividends to investors. That's not bad, but the company generated \$2.8 billion in profits over that same time. That means the company paid out less than a fifth of its earnings to say nothing about its growing cash flow.

Now for most companies, that would be enough. But Imperial is no ordinary company. Management has made it a mission to buy back enormous quantities of its own stock.

Since 1994, Imperial has repurchased 904 million of its own shares reducing the number of outstanding shares by more than 50%. Shareholders who bought and held the stock over that time have been able to double their stake in a remarkable business tax-free.

Don't let the stock's meagre 1.0% yield fool you. No other company is as committed to rewarding shareholders through dividends and buybacks like Imperial. That's why it deserves a permanent place in your portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:IMO (Imperial Oil Limited)

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