



## Oil Investors: Look to Suncor Inc. for its Dividend

### Description

Oil prices have been getting hammered for quite some time now. And over the past month and a half, investors were beginning to think that the worst was behind them. If oil prices went up, the value of the companies that drilled for oil would also go up. All was not lost.

Fortunately for the world, but unfortunately for investors, Iran and the United States came to a nuclear agreement. Along with it was the lifting of sanctions that had prevented Iran from selling its oil on the open market. Iran is believed to have one of the largest stores of oil and many analysts predict that the opening of those markets will cause massive fluctuations in price, likely in the wrong direction.

This has created some buying opportunities that don't often show themselves. As I have said in other articles, when there is blood in the water, you should be looking to feed. And one company that I definitely recommend you look into is **Suncor Inc.** ([TSX:SU](#))([NYSE:SU](#)).

Unlike the other oil companies that are suffering tremendously under the weight of low oil prices, the CEO of Suncor has always believed that \$100+ a barrel oil prices couldn't last. Because of this, he prepared his company to be in a position of power when that happened. A big part of that power is the fact that it only has \$9.5 billion in debt, which is only around 20% of its market cap.

Because of that, the company doesn't have to worry about debtors knocking down its door, which enables two things. The first is that it can make smart moves from an acquisition perspective if something great pops up. But what matters most to me right now is that the dividend is secure. And when a company is in solid standing from a debt perspective, it has more money to invest in its dividends.

Suncor pays out a 3.34% yield based on its current stock price, which comes out to a \$0.28 per quarter. What I like even better than the amount of money is the consistency. Suncor has increased the dividend every year for 12 years in a row. While I don't believe the company is going to increase it again this year due to oil prices, I see no reason that it will have to cut the dividend. If nothing else, the company could borrow money to pay the dividend, which would be less of a sting than having to cut the dividend.

The one thing that is important to understand about Suncor is that it is a giant. The company is worth \$48.5 billion, so it is difficult for it to make moves that will have a significant impact on the value. However, as an investor thinking long-term, that dividend will enable you to acquire further shares in a stock that is currently much cheaper than it usually is. So when the stock price does return, you'll be able to maximize your profits.

## CATEGORY

1. Energy Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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