



Where to Find Yield in the Oil Sector

Description

With oil finding a bottom and finally staging a comeback after more than two years of disappointing returns, the question that many investors who seek dividends (or lower-risk investments) will have to ask themselves is very simple:

Which companies are still paying dividends in the oil industry?

For those seeking monthly dividend payments, shares of **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) may be the best alternative, as shares of the oil-producing company have not ceased paying dividends during difficult times. Instead, the company cut the dividend to ensure that investors would continue to receive monthly payments until low oil prices turned the corner. At a price of \$9.50 per share, investors buying into the company today will receive a yield of approximately 3.75%. [The shares](#) trade at a discount to tangible book value.

For investors seeking less risk, shares of well-known vertically integrated oil company **Imperial Oil Ltd.** (TSX:IMO)(NYSE:IMO) trade at a very reasonable price-to-earnings multiple of 16 times. Investors who buy shares at current prices will receive a dividend yield which is slightly above the 1.5% mark. To make this investment more attractive, the company has started to repurchase its own shares, which will create upward pressure on the dividends paid per share. With fewer shares outstanding, the company can pay a higher dividend on a per-share basis without increasing the total amount of cash required to fund the dividend.

Investors may want to look south of the border to find shares of **Schlumberger Limited.** (NYSE:SLB). At a price of US\$62 per share, Schlumberger offers investors a dividend yield of almost 3.25% after a challenging year. In the business of providing technology services to oil companies, Schlumberger is not only a fantastic investment for the dividend yield, but it's one of very few companies that provides a unique service to oil-production companies. Essentially, investors receive ownership in a unique company when buying these shares.

The last name on the list is for investors who are not willing to take the leap in anything with a medium or high amount of risk. At a price of \$26 per share, **Inter Pipeline Ltd.** (TSX:IPL) pays a dividend of no

less than 6.25%. The company derives revenues from the movement of oil through its pipelines. The major risk for shareholders is that the production of oil in the country will cease, and revenues derived from the movement of oil will dry up. Barring this, investors have [very little to worry about](#) when buying shares of this low-risk oil investment.

With many names to choose from, investors have the opportunity to select the one that works for them. From a lower-risk pipeline that will generate a large part of the total returns from dividends to an oil-exploration company with much more price appreciation potential, the oil sector holds promise for all investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

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1. NYSE:VRN (Veren)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:IMO (Imperial Oil Limited)
4. TSX:VRN (Veren Inc.)

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