



TFSA Investors: Boost Your After-Tax Income With This Dividend Heavyweight

Description

While other energy stocks scratch and claw for investors' attention, **Imperial Oil** ([TSX:IMO](#)) (NYSE:IMO) need not lift a finger. The stock remains on top of the buy list. This integrated energy company is truly inimitable if you're looking for superior long-term value. The latest earnings report is a testament to the company's might and mettle.

Rich Kruger, the chairman, president, and CEO, can't hide his elation over the strong financial and operating results the company accomplished last year. As a result, the company was magnanimous in returning more than \$2.5 billion to shareholders through the increased share-purchase program.

Kruger also highlighted the 24 consecutive years of [dividend growth](#). That has been a major incentive for investors to stay on or hook new ones to the fold.

Against all odds

The oil and gas business is of a different nature. Imperial survived an environment that was engulfed in nerve-racking volatility, particularly in light and heavy crude prices.

At times, the intervention by the government in Alberta in the oil market compounds the uncertainty and unpredictability. It also impacts on the investment climate. The integrated business model is the principal reason for the company's resiliency in beating all odds.

Full-year 2018 net income grew by a whopping \$1.824 billion from the \$490 million the previous year. Industry experts noted the strong downstream financial and operating performance. Imperial's downstream business contributed more than \$2.3 billion in revenue in 2018.

Keep in mind that Imperial Oil is Canada's largest refiner of petroleum products. Last year, petroleum product sales totaled 504,000 barrels per day (bpd). According to Kruger, the company has not achieved this sales level in decades. It is the highest recorded ever in almost 30 years.

Imperial Oil's upstream business also delivered resoundingly. The business had a strong operational

year. The gross oil-equivalent production in 2018 topped 383,000 barrels per day, coming from 375,000 barrels per day in 2017.

Capitalizing on strengths

Imperial Oil is heavy on research and development. This is one of the major strengths of the company. Only a handful of energy companies have the research facilities to develop or produce new and improved products for Canadians.

But the principal reason why Imperial can compete with the [bigger industry players](#) is the solid backer. **Exxon Mobil** owns 69% of the company. Having an international oil conglomerate as a partner makes the company an industry bigwig.

Imperial Oil's dividend rate isn't as stellar as the company's financial performance. Yet many are coveting the stock because of stability and strong fundamentals. Of late, the dividend-growth rate has been in double digits.

In the final analysis, the stock is way off the 52-week high of \$44.91. Imperial Oil is underperforming at the current price of \$36.60 and not keeping up with the reported earnings. Anyhow, if you want a safe and stable stock that is insulated from volatility, then Imperial Oil is a fine choice.

CATEGORY

1. Dividend Stocks
2. Investing

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