



This Top Energy Stock Just Became a Canadian Dividend Champion

Description

There are generally two types of income stocks. Those with a high yield and those with a long and storied history of dividend growth. To be considered a dividend-growth company, a dividend-growth streak of five or more years is generally required.

On Friday, the company with the seventh-longest [dividend-growth streak](#) in Canada, **Imperial Oil** ([TSX:IMO](#))(NYSE:IMO), released first-quarter results. The company was expected to raise dividends. Did the company deliver? Let's take a look.

Earnings at a glance

Let's start with the company's first-quarter performance. It wasn't a great quarter, and we are starting to see the impact of Alberta's [production cuts](#) on integrated oil companies. Earnings of \$0.38 missed by \$0.08 and dropped almost 40% year over year. Alberta's policy impacted the economics of crude by rail. As such, the company ceased moving oil by rail in February after increasing it to record levels in 2018.

Although the company has since resumed moving oil by rail in a limited capacity, it once again warned against the economics.

On the bright side, cash flow from operations also increased by 180 basis points over the first quarter of 2019. In total, the company generated over a billion in cash flow. This is a positive sign that supports the company's strategy of returning cash to shareholders.

Rising dividend

Along with earnings, Imperial Oil also announced its annual dividend increase. The company raised dividends by \$0.03, or 15.79%, for a new quarterly rate of \$0.22 per share. It marks the 25th consecutive year of dividend growth for the company.

To put the importance of this into perspective, only five other TSX-listed companies currently have a +25-year growth streak. A 25-year dividend-growth streak is also the widely accepted milestone to officially mark a Dividend Champion.

There is no doubt that Imperial Oil is one of Canada's premier dividend-growth companies. The company yields just over 2% and its historical dividend-growth rate has been on the rise. Not including today's raise, its three-year dividend-growth rate hovered around 11%.

With a payout ratio in the mid-20s, there is no reason Imperial Oil cannot reward investors with continue double-digit growth in the near future.

Foolish takeaway

Imperial Oil is one of Canada's largest integrated oil companies. This enables it to outperform the industry when the price of oil is in a bear market. Conversely, when the price of oil enjoys a bull run, the company stands to benefit in a big way.

As one of Canada's top dividend stocks, Imperial Oil is a great choice for growth and income investors.

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