1 High-Yield Dividend Stock Is All You Need for a Lifetime of Wealth

Description

A lifetime of wealth can only come from an asset that provides excellent value for years on end. The company should be an industry leader, because operating activities produce billions of dollars in revenue year after year.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ), one of the biggest producers of oil and gas in Canada is second to none in this regard. The energy stock's dividend is 3.78%, which seems not too high compared with other dividend payers.

Lucrative returns

You're not looking at the company in its entirety if you think the yield is not lucrative. There are companies that grow dividends faster than others. However, the yields are lower, if not negligible.

Canadian Natural is a cut above the rest. The investment package comes with five-year dividend growth of 18.44% as well as a dividend-streak history that is nearly five decades (47 years). Given this important data, you can say the potential returns are lucrative.

A $250,000 investment in CNQ and a 30-year investment window will raise the value of the money to more than a quarter of a million dollars. There is a potential for capital gain too in 2020. Analysts are forecasting that the stock could climb by about 38.5% to $55 in the next 12 months.

Cash register

The continuous ringing of cash registers is music to the ears of store owners. Canadian Natural is a $4.5 billion cash register. As of year-end 2018, it has cash flows in excess of $10 billion.

What bolsters the company's value is that it also has the lowest capex compared with industry peers. Likewise, in 2018, free cash flows were nearly $6 billion, while an industry heavyweight can only come up with $5 billion at best. In terms of dividend payout, it's only 49% of the free cash flows.

Outperforming competition

The gain of Canadian Natural year to date is 25.6% notwithstanding the negative sentiment surrounding the energy sector. Depressed oil prices and problems in the pipelines are causing the sharp drops of energy stocks.

Canadian Natural continues to outperform amid the headwinds. The areas it is beating competition are in net profit margins and five-year EBITDA CAGR. For this energy stock, the net profit margin is a high of 12.81%. A popular energy stock has only 8.54% to show. CNQ's five-year EBITDA CAGR is an impressive 4.52%.

The glut of oil and gas production in Canada for the past years is an advantage to Canadian Natural. Oil and gas prices are also in a slump due to political roadblocks, which prevent midstream companies from building the required number of pipelines.

Because Canadian Natural has financial flexibility, the company can use the cash to buy more assets at bargain prices, buy back stock, or pay down debts. The stock has the potential to prosper despite flat oil prices. But if oil recovers, the gains would be massive.

Permanent wealth

Canadian Natural is worth buying in 2020 if you're aspiring to have permanent wealth. These are the compelling reasons: $47 billion in market capitalization, 47 years of dividend payouts, and tonnes of long-life assets that will generate cash for decades.

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