



Suncor (TSX:SU) Stock: All-Time High Dividend Yield

Description

While it's uncommon for energy stocks in the Canadian oil patch to rank among the Dividend Aristocrats. However, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has done it with flying colours.

And it continues to serve its purpose as a stock that increases its payout. This week, it just announced another dividend hike, marking the start of the 18th consecutive year of dividend growth.

This time, Suncor increased its dividend by 10.7%, which aligns with its five-year dividend growth rate of 10.5%. The new quarterly dividend of \$0.465 per share (or an annual payout of \$1.86 per share) implies a dividend yield of more than 4.6%.

This is an all-time high dividend yield, as shown in the graph below.



SU Dividend Yield data by YCharts

Notably, the ex-dividend date is March 3. Suncor investors must own the stock *before* the ex-dividend date to receive the dividend on the March 25 payment date.

How were Suncor stock's recent results?

You'll notice that [Suncor stock](#) dipped after reporting its fourth-quarter 2019 results on Wednesday. Let's dive in to see how the actual results were.

Suncor is simply a cash cow. President and CEO Mark Little highlighted that for the quarter, the company generated funds from operations of \$2.6 billion, bringing its yearly funds from operations to a new record of \$10.8 billion!

Q4 2019 was Suncor's 10th consecutive quarter of generating \$2 billion or more of operating cash flow! No wonder it's been able to support a growing dividend healthily for so many years.

It managed production of 115,900 barrels of oil equivalent, 28% higher year over year, which was primarily due to higher production on the east coast.

Additionally, the integrated energy company's refining and marketing segment drove refinery utilization of 97% and crude throughput of 447,500 barrels per day.

Warren Buffett-approved

Suncor [earns Warren Buffett's approval](#). He holds about \$4.2 billion worth of Suncor stock. Although that's a lot of money to many people, it's important to point out that the energy company only makes up a puny 0.1% of his stock portfolio and a 0.7% stake in the company.

So, diversification is key. At the same time, Buffett puts much of his money in his top ideas. Specifically, his top five holdings of **Apple**, **Bank of America**, **Coca Cola**, **American Express**, and **Wells Fargo** consist of tech, financial services, and consumer staples stocks. And they make up about 68% of his stock portfolio!

Still, Suncor must be worth more than it is now for the Oracle of Omaha to hold the stock. Let's not forget that the stock is providing shareholder value every quarter in the form of dividend income.

Investor takeaway

The energy sector remains in a slump. Some stocks are struggling but not Suncor. Its integrated business and strong A-grade balance sheet set it apart. It's a cash cow that still generates tonnes of free cash flow to support dividend payments and share buybacks despite volatile energy prices.

Notably, the energy giant is undervalued. So, Suncor's share buyback program will generate long-term shareholder value. To maximize your returns from the stock, aim to buy low and sell high and view the dividend as icing on the cake.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Date

2025/07/04

Date Created

2020/02/06

Author

kayng

default watermark

default watermark