



Warren Buffett Gets a 52% Dividend Yield on This Stock

Description

Warren Buffett isn't known for paying dividends. In the five decades since he took over, **Berkshire Hathaway** has not paid out any of its profit to shareholders. That doesn't mean Buffett doesn't like receiving dividends, though. Most of the companies in Berkshire Hathaway's portfolio are dividend payers, and some of them have huge yields.

In fact, there is one stock in Buffett's portfolio that pays him a whopping 52% yield year after year!

Yes, you heard that right: 52%.

Thanks to steady dividend increases, Buffett's yield-on-cost on a blue chip stock he bought in the 1980s has grown to a truly massive 52%. In this article, I will explore that stock and evaluate whether it still has the potential to produce such stunning dividend growth.

Coca-Cola

The **Coca-Cola Company** ([NYSE:KO](#)) is a major American soft drink company. Its stock yields a relatively underwhelming 3.11% if you buy it today. But if you were lucky enough to buy it in the 1980s, as Warren Buffett did, you might have a yield-on-cost of 50% or more. It depends on exactly when in the 1980s you bought the stock. In Buffett's case the math works out like this:

- Buffett bought 400 million shares of KO.
- He initially paid \$3.2475 per share.
- Today the stock pays a \$1.68 annualized dividend.
- This gives us a yield of 51.7%.

An incredibly solid result. Most of us would be happy to see a stock rise 52% in a year, never mind paying that much year in and year out. Of course, it took a long time for Buffett to achieve this [stratospheric yield-on-cost](#). But even over 30 years, it's incredibly solid.

A Canadian stock with similar potential

If you're looking to get a 52% yielder in your own portfolio, you've got your work cut out for you.

Coca-Cola stock only yields 3.1% now, and its five-year dividend growth rate is only 4.5%. You're not getting to a 52% yield-on-cost at that rate.

But there is one [Canadian dividend stock](#) that could do it for you.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a Canadian energy stock that yields 6.3% today. That's an above-average yield right from the get-go. And on top of the high yield, ENB also has solid dividend growth. Its compound annual growth rates in dividends for the most recent three, five, and 10-year periods were:

- Three year: 10.3%.
- Five year: 11.7%.
- 10 year: 15%.

That's incredible dividend growth. If you'd bought ENB shares in 2011 and held to today, your position would be yielding 12% on cost. That's a solid dividend return. And Enbridge could potentially keep it up. Demand for oil and gas is at record highs now, as consumers are clamouring for energy. Enbridge's pipelines are probably filled to the brim, and the company has a number of infrastructure projects aimed at adding more capacity. So this remains a dividend stock worth watching in the year ahead.

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