



1 of the Safest Canadian Energy Stocks (With Dividends) to Own Forever

Description

The surging rate of inflation, rapidly rising interest rates, and growing geopolitical tensions have heightened stock market volatility in the last few months. These are some of the key reasons why the **TSX Composite Index** has lost nearly 7% of its value in 2022 so far. In such an uncertain market environment, it makes sense for investors to have some reliable [dividend stocks](#) in their portfolios. Some rallying [energy stocks](#) also pay attractive quarterly dividends, which could help investors earn stable passive income.

In this article, I'll talk about one of the safest dividend stocks in Canada to buy now and hold forever.

Imperial Oil stock

Imperial Oil ([TSX:IMO](#))(NYSE:IMO) is a Canadian integrated energy firm headquartered in Calgary. The company currently has a market cap of around \$40.2 billion, as its stock trades at \$63.10 per share with nearly 41% year-to-date gains, outperforming the broader market by a huge margin.

This energy company is the largest petroleum refiner in Canada and focuses on crude oil and petrochemical production. While surging stock prices tend to make a stock's dividend yield look low, IMO stock has a decent dividend yield of around 2.2%, despite consistently rallying for the last couple of years.

Significantly improving operating performance

As its operating performance significantly improved last year amid a sharp recovery in demand for energy products, Imperial Oil's total revenue jumped by 68% YoY (year over year) in 2021 to \$37.6 billion. Surging prices for crude oil and other petroleum products also drove its adjusted earnings for the year to \$3.65 per share, showcasing a massive improvement over its adjusted net loss of \$0.52 per share in the previous year.

While at the start of 2022, Imperial Oil's business operations faced challenges due to significant

weather impacts, the company is still maintaining a strong financial growth trend. In the June quarter, its total revenue more than doubled from a year ago to \$17.3 billion with the help of its strongest [second-quarter](#) upstream production in more than 30 years.

In addition, its downstream segment operating performance remained strong, with the company reporting a 96% refinery capacity utilization during the quarter.

With the help of these positive operating factors and strong commodity prices, Imperial Oil's adjusted earnings jumped by 626% YoY to \$3.63 per share in Q2 2022.

In the second half of 2022, Imperial Oil's production levels are expected to remain strong, as the performance at Kearl oil sands deposits returns to normal. This should help the company keep its financial growth strength intact.

A safe Canadian dividend stock to own forever

Imperial Oil's strengthening operating performance in recent years has also boosted its long-term business growth outlook. This is one of the key reasons why the company has increased its focus on delivering value to its investors in the last year with its dividends and share repurchases. In the June quarter, the Canadian energy company returned more than \$2.7 billion to its shareholders, which included its quarterly dividends and the completion of its share-repurchase program worth \$2.5 billion.

I expect these positive fundamental factors to help this Canadian dividend stock continue soaring, making it one of the safest Canadian dividend stocks to own for the long term.

CATEGORY

1. Energy Stocks
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