



Imperial Oil (IMO)

Updated November 4th, 2025 by Aristofanis Papadatos

Key Metrics

| | | | | | |
|-----------------------------|------|--|-------|--|-----------|
| Current Price: | \$90 | 5 Year CAGR Estimate: | -6.1% | Market Cap: | \$45 B |
| Fair Value Price: | \$87 | 5 Year Growth Estimate: | -9.0% | Ex-Dividend Date: | 12/3/2025 |
| % Fair Value: | 104% | 5 Year Valuation Multiple Estimate: | -0.7% | Dividend Payment Date: | 1/1/2026 |
| Dividend Yield: | 2.3% | 5 Year Price Target | \$54 | Years Of Dividend Growth¹: | 30 |
| Dividend Risk Score: | F | Sector: Energy | | Rating: | Hold |

Overview & Current Events

Imperial Oil is one of Canada's largest integrated oil businesses. The company operates through three reporting segments: Upstream, Downstream, and Chemical. Imperial Oil is headquartered in Calgary, Alberta, Canada. Exxon Mobil (XOM) owns approximately 70% of Imperial Oil's common equity. Imperial Oil is cross listed on both the Toronto Stock Exchange and the New York Stock Exchange, where it trades with a market capitalization of \$45 billion. Imperial Oil reports financial results in Canadian dollars, but the figures shown in this research report have been converted to U.S. dollars and refer to the company's NYSE-listed shares.

Imperial Oil is different from the well-known integrated oil majors, such as Exxon Mobil and Chevron, in one aspect. While the earnings of these companies greatly depend on the prices of WTI and Brent, the earnings of Imperial Oil are affected to a great extent by the prices of WTI and WCS (Western Canada Select). The latter usually trades at a deep discount to WTI, so it differentiates the earnings of Imperial Oil compared to those of the oil majors. In 2023 and 2024, the average discount of WCS to WTI was \$19 and \$15, respectively.

In late October, Imperial Oil reported (10/31/25) results for Q3-2025. Production grew 7% over the prior year's quarter, to a 30-year record level, primarily thanks to record output at Kearl. However, the average realized prices of oil and gas decreased significantly. Consequently, earnings-per-share decreased -7%. Imperial Oil has raised its dividend by 20% this year. It also expects to grow output this year and thus it is likely to post earnings-per-share close to those achieved last year, a nearly 15-year high level. We also praise management for reliable production growth. Nevertheless, investors should be aware of the high sensitivity of the earnings of Imperial Oil to the price of oil. As OPEC has begun to unwind its production cuts, the price of oil has decreased significantly lately. If global economy slows down, the pressure on the oil price is likely to persist.

Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---------------------------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------------|---------------|
| EPS | \$1.17 | \$0.56 | \$0.86 | \$2.20 | \$2.16 | -\$1.90 | \$2.74 | \$8.36 | \$6.31 | \$6.16 | \$6.20 | \$3.87 |
| DPS | \$0.39 | \$0.44 | \$0.50 | \$0.58 | \$0.64 | \$0.66 | \$0.82 | \$1.13 | \$1.43 | \$1.75 | \$2.06 | \$2.45 |
| Shares² | 847.6 | 847.6 | 831.2 | 790.0 | 749.9 | 734.1 | 689.5 | 603.0 | 553.7 | 516.5 | 500.0 | 450.0 |

Imperial Oil's earnings-per-share history has been volatile, largely due to the high volatility of oil prices, particularly during the 2014-2017 downturn, and the volatility of refining margins. Indeed, 2017 earnings-per-share were less than one-fourth of their peak levels. On the bright side, the energy market has recovered strongly from the pandemic. In addition, as Canada has the third-highest level of oil reserves worldwide, behind only Venezuela and Saudi Arabia, Imperial Oil has strong growth prospects in the long run. Nevertheless, due to a boom in clean energy sources, the price of oil may decline in the upcoming years. Due to the high comparison base formed by the expected earnings-per-share this year, we expect earnings-per-share to decline -9.0% per year on average over the next five years.

¹ In CAD

² In millions.



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Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|-------------|-------------|
| Avg. P/E | 31.5 | --- | 35.6 | 13.9 | 12.4 | --- | 10.4 | 5.7 | 8.4 | 11.4 | 14.5 | 14.0 |
| Avg. Yld. | 1.1% | 1.4% | 1.6% | 1.9% | 2.4% | 3.9% | 2.9% | 2.4% | 2.7% | 2.6% | 2.3% | 4.5% |

Imperial Oil is currently trading at a nearly 5-year high price-to-earnings ratio of 14.5, which is higher than our assumed fair price-to-earnings ratio of 14.0. If the stock trades at our fair value estimate in five years, it will incur a -0.7% annualized drag due to the contraction of its valuation level.

Safety, Quality, Competitive Advantage, & Recession Resiliency

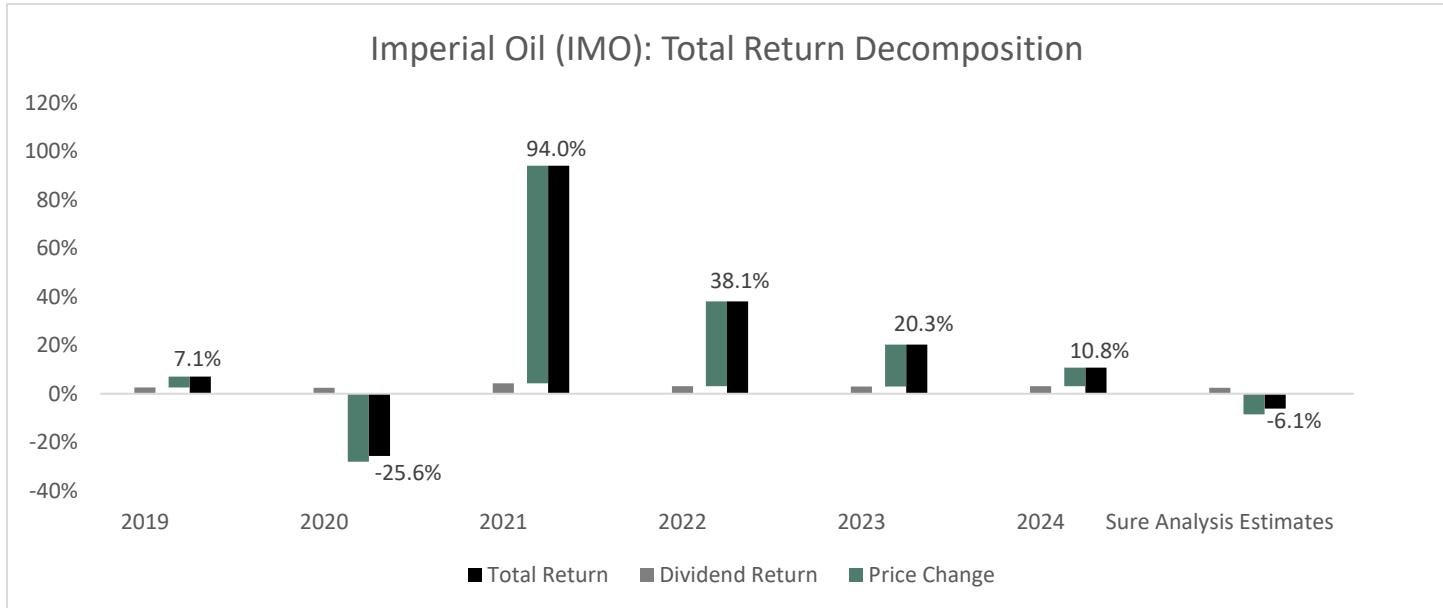
| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|--------------|--------------|
| Payout | 33.3% | 78.6% | 58.1% | 26.4% | 29.6% | --- | 29.9% | 13.5% | 22.7% | 28.4% | 33.2% | 63.2% |

Imperial Oil is one of the highest-quality energy businesses in the Canadian market. The company has a credit rating of AA+ from S&P, which is higher than all of its peers in the Canadian energy space. Moreover, the company has paid 100+ years of consecutive dividends and has increased its dividend (in Canadian dollars) for 29 consecutive years. The company's 10-year average dividend growth rate (in USD) is 14%. Imperial Oil seems laser-focused on returning capital to shareholders. The company paid the same dividend for eight consecutive quarters due to the pandemic but it raised its dividend by 23% in 2021, by 26% in 2022, by 31% in 2023, by 20% in 2024 and by 20% this year. Furthermore, the company benefits from leveraging the expertise of its major shareholder, Exxon Mobil.

Final Thoughts & Recommendation

Imperial Oil is thriving but we expect oil prices to deflate in the next few years, as OPEC will restore its output and the effect of sanctions on Russia may fade. The stock of Imperial Oil has more than doubled off its bottom in 2022 and hence it has become risky from a long-term perspective. It may offer a -6.1% average annual return over the next five years, as its 2.3% dividend may be offset by a -9.0% annual decline of earnings-per-share and a -0.7% annualized valuation headwind. The stock receives a hold rating. Even at lower stock prices, Imperial Oil is suitable only for investors who can tolerate the pronounced volatility that results from the dramatic swings of the price of oil.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|
| Revenue | 19,735 | 17,669 | 21,182 | 25,694 | 24,257 | 15,336 | 28,379 | 43,991 | 35,771 | 35,639 |
| Gross Profit | 2,366 | 1,167 | 1,195 | 3,148 | 2,358 | (1,174) | 3,281 | 7,833 | 5,269 | 5,150 |
| Gross Margin | 12.0% | 6.6% | 5.6% | 12.3% | 9.7% | -7.7% | 11.6% | 17.8% | 14.7% | 14.4% |
| SG&A Exp. | 875 | 844 | 681 | 701 | 678 | 553 | 625 | 691 | 695 | 690 |
| Operating Profit | 1,434 | 252 | 373 | 2,433 | 1,645 | (1,737) | 2,630 | 7,138 | 4,570 | 4,460 |
| Op. Margin | 7.3% | 1.4% | 1.8% | 9.5% | 6.8% | -11.3% | 9.3% | 16.2% | 12.8% | 12.5% |
| Net Profit | 879 | 1,635 | 378 | 1,786 | 1,658 | (1,386) | 1,977 | 5,642 | 3,621 | 3,496 |
| Net Margin | 4.5% | 9.3% | 1.8% | 6.9% | 6.8% | -9.0% | 7.0% | 12.8% | 9.6% | 9.8% |
| Free Cash Flow | (648) | 711 | 1,366 | 1,876 | 2,104 | (52) | 3,484 | 6,884 | 1,443 | 3,003 |
| Income Tax | 628 | 211 | 71 | 586 | (116) | (411) | 641 | 1,648 | 1,096 | 1,058 |

Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Assets | 31,109 | 30,895 | 33,082 | 30,437 | 32,296 | 29,824 | 31,985 | 32,069 | 31,056 | 29,855 |
| Cash & Equivalents | 146 | 290 | 950 | 725 | 1,315 | 605 | 1,689 | 2,762 | 651 | 681 |
| Acc. Receivable | 1,139 | 1,500 | 2,157 | 1,857 | 2,066 | 1,505 | 3,034 | 3,477 | 3,379 | 4,004 |
| Inventories | 1,163 | 1,051 | 1,193 | 1,349 | 1,464 | 1,438 | 1,405 | 1,671 | 2,225 | 1,820 |
| Goodwill & Int. | 161 | 138 | 148 | 137 | 142 | 130 | 130 | 122 | 125 | 115 |
| Total Liabilities | 14,229 | 12,337 | 13,651 | 12,457 | 13,712 | 13,028 | 14,939 | 15,555 | 14,305 | 13,534 |
| Accounts Payable | 2,154 | 2,368 | 3,083 | 2,708 | 3,261 | 2,473 | 4,066 | 4,564 | 3,741 | 4,067 |
| Long-Term Debt | 5,696 | 3,448 | 3,697 | 3,413 | 3,580 | 3,665 | 3,583 | 2,630 | 2,674 | 2,959 |
| Total Equity | 16,881 | 18,558 | 19,431 | 17,980 | 18,584 | 16,796 | 17,047 | 16,514 | 16,751 | 16,321 |
| LTD/E Ratio | 0.34 | 0.19 | 0.19 | 0.19 | 0.19 | 0.22 | 0.21 | 0.16 | 0.16 | 0.18 |

Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|--------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| Return on Assets | 2.7% | 5.3% | 1.2% | 5.6% | 5.3% | -4.5% | 6.4% | 17.6% | 11.5% | 11.4% |
| Return on Equity | 4.8% | 9.2% | 2.0% | 9.5% | 9.1% | -7.8% | 11.7% | 33.6% | 21.8% | 21.1% |
| ROIC | 3.7% | 7.3% | 1.7% | 8.0% | 7.6% | -6.5% | 9.6% | 28.4% | 18.8% | 17.7% |
| Shares Out. | 847.6 | 847.6 | 831.2 | 790.0 | 749.9 | 734.1 | 689.5 | 641.5 | 575.9 | 530.6 |
| Revenue/Share | 23.20 | 20.78 | 25.05 | 31.72 | 31.71 | 20.86 | 39.79 | 68.58 | 62.11 | 67.17 |
| FCF/Share | (0.76) | 0.84 | 1.61 | 2.32 | 2.75 | (0.07) | 4.89 | 10.73 | 2.51 | 5.66 |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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