Imperial Oil (IMO)

Updated February 2nd, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$101	**5 Year CAGR Estimate:**	-2.3%	**Market Cap:**	$47 B
Fair Value Price:	$73	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	3/5/2026
% Fair Value:	139%	**5 Year Valuation Multiple Estimate:**	-6.3%	**Dividend Payment Date:**	4/1/2026
Dividend Yield:	2.5%	**5 Year Price Target**	$77	**Years Of Dividend Growth[1]:**	30
Dividend Risk Score:	C	**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 $47 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, 2024 and 2025, the average discount of WCS to WTI was $19, $15 and $11, respectively.

In late January, Imperial Oil reported (1/30/25) results for Q4-2025. Production decreased -8% over the prior year's quarter due to exceptionally adverse weather at Kearl in October. In addition, the average realized prices of oil and gas decreased. Consequently, earnings-per-share decreased -17%. On the bright side, the operational issues at Kearl have been resolved, with output recovering strongly in December. Imperial Oil provided guidance for 7% production growth at Kearl in 2026, to 300,000 barrels per day. It also raised its dividend by 20%. We 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 in recent months. If global economy slows down, the pressure on the oil price is likely to persist.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.56	$0.86	$2.20	$2.16	-$1.90	$2.74	$8.36	$6.31	$6.16	$6.26	***$5.20***	***$5.47***
DPS	$0.44	$0.50	$0.58	$0.64	$0.66	$0.82	$1.13	$1.43	$1.75	$2.06	***$2.54***	***$2.80***
Shares[2]	847.6	831.2	790.0	749.9	734.1	689.5	603.0	553.7	516.5	490.0	***475.0***	***430.0***

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, Imperial Oil has been growing its production consistently in recent years. 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, the recent intervention of the U.S. in Venezuela poses a risk, as U.S. refiners are likely to replace part of Canadian oil with Venezuelan oil in the upcoming years. Overall, we expect 1% average annual growth of earnings-per-share over the next five years.

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[1] In CAD

[2] In millions.

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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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	35.6	13.9	12.4	---	10.4	5.7	8.4	11.4	12.8	***19.4***	***14.0***
Avg. Yld.	1.4%	1.6%	1.9%	2.4%	3.9%	2.9%	2.4%	2.7%	2.6%	2.6%	***2.5%***	***3.7%***

Imperial Oil is currently trading at a nearly 5-year high price-to-earnings ratio of 19.4, which is much 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 -6.3% annualized drag due to the contraction of its valuation level.

Safety, Quality, Competitive Advantage, & Recession Resiliency

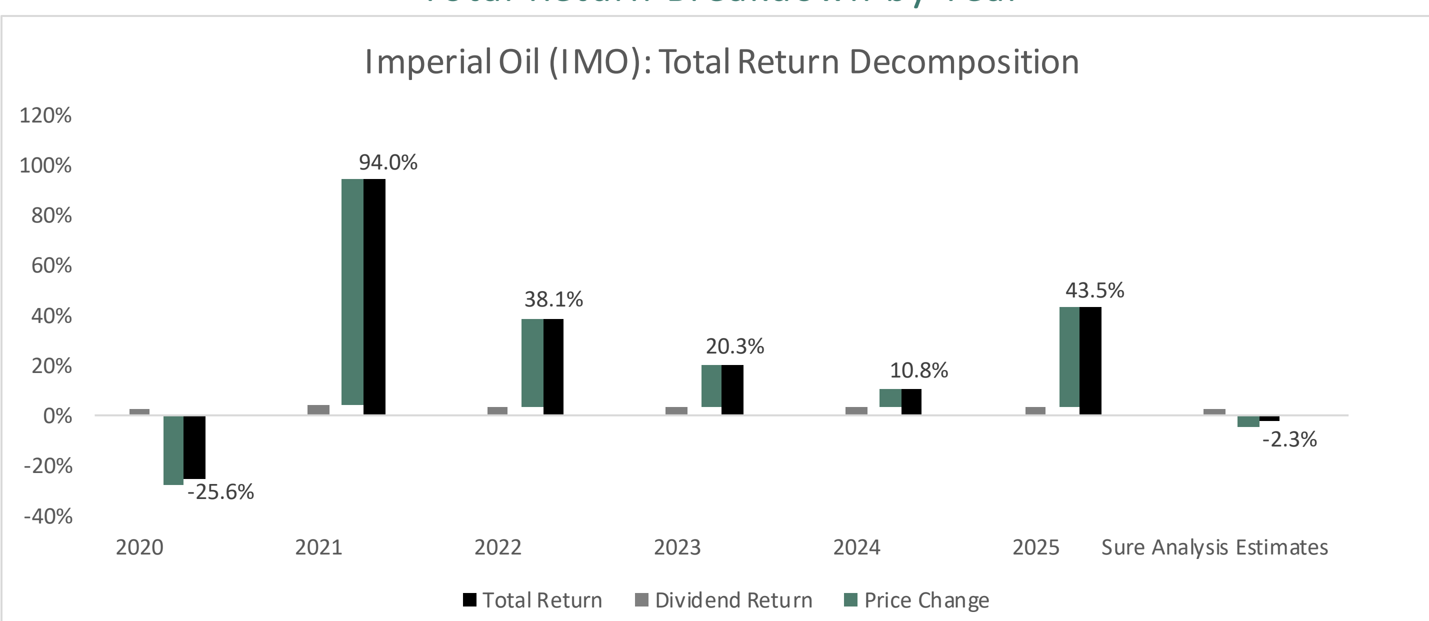
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	78.6%	58.1%	26.4%	29.6%	---	29.9%	13.5%	22.7%	28.4%	32.9%	***48.8%***	***51.3%***

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 30 consecutive years. The company's 10-year average dividend growth rate (in USD) is 19%. 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 and by 20% in 2024, 2025 and 2026. Furthermore, the company benefits from leveraging the expertise of its major shareholder, Exxon Mobil.

Final Thoughts & Recommendation

Imperial Oil is thriving but we expect lackluster oil prices in the next few years, as OPEC will restore its output, the effect of sanctions on Russia may fade and Venezuela will boost its production. 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 -2.3% average annual return over the next five years, as 1.0% growth of earnings-per-share and a 2.5% dividend may be offset by a -6.3% 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



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	17,669	21,182	25,694	24,257	15,336	28,379	43,991	35,771	35,639	33,692
Gross Profit	1,167	1,195	3,148	2,358	(1,174)	3,281	7,833	5,269	5,150	7,153
Gross Margin	6.6%	5.6%	12.3%	9.7%	-7.7%	11.6%	17.8%	14.7%	14.4%	21.2%
SG&A Exp.	844	681	701	678	553	625	691	695	690	992
Operating Profit	252	373	2,433	1,645	(1,737)	2,630	7,138	4,570	4,460	3,045
Op. Margin	1.4%	1.8%	9.5%	6.8%	-11.3%	9.3%	16.2%	12.8%	12.5%	9.0%
Net Profit	1,635	378	1,786	1,658	(1,386)	1,977	5,642	3,621	3,496	2,339
Net Margin	9.3%	1.8%	6.9%	6.8%	-9.0%	7.0%	12.8%	9.6%	9.8%	6.9%
Free Cash Flow	711	1,366	1,876	2,104	(52)	3,484	6,884	1,443	3,003	3,366
Income Tax	211	71	586	(116)	(411)	641	1,648	1,096	1,058	711

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	30,895	33,082	30,437	32,296	29,824	31,985	32,069	31,056	29,855	30,866
Cash & Equivalents	290	950	725	1,315	605	1,689	2,762	651	681	833
Acc. Receivable	1,500	2,157	1,857	2,066	1,505	3,034	3,477	3,379	4,004	---
Inventories	1,051	1,193	1,349	1,464	1,438	1,405	1,671	2,225	1,820	---
Goodwill & Int.	138	148	137	142	130	130	122	125	115	---
Total Liabilities	12,337	13,651	12,457	13,712	13,028	14,939	15,555	14,305	13,534	---
Accounts Payable	2,368	3,083	2,708	3,261	2,473	4,066	4,564	3,741	4,067	---
Long-Term Debt	3,448	3,697	3,413	3,580	3,665	3,583	2,630	2,674	2,888	2,916
Total Equity	18,558	19,431	17,980	18,584	16,796	17,047	16,514	16,751	16,321	16,235
LTD/E Ratio	0.19	0.19	0.19	0.19	0.22	0.21	0.16	0.16	0.18	0.18

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.3%	1.2%	5.6%	5.3%	-4.5%	6.4%	17.6%	11.5%	11.4%	7.7%
Return on Equity	9.2%	2.0%	9.5%	9.1%	-7.8%	11.7%	33.6%	21.8%	21.1%	14.4%
ROIC	7.3%	1.7%	8.0%	7.6%	-6.5%	9.6%	28.4%	18.8%	17.7%	12.2%
Shares Out.	847.6	831.2	790.0	749.9	734.1	689.5	641.5	575.9	530.6	504.0
Revenue/Share	20.78	25.05	31.72	31.71	20.86	39.79	68.58	62.11	67.17	66.85
FCF/Share	0.84	1.61	2.32	2.75	(0.07)	4.89	10.73	2.51	5.66	6.68

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