

Ecopetrol SA's Dividend Analysis



GuruFocus Research

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Assessing the Sustainability of Ecopetrol SA's Upcoming Dividend

Ecopetrol SA ([EC](#), [Financial](#)) recently announced a dividend of \$0.15 per share, payable on 2023-12-29, with the ex-dividend date set for 2023-12-19. As investors look forward to this upcoming payment, the spotlight also shines on the company's dividend history, yield, and growth rates. Using the data from GuruFocus, let's look into **Ecopetrol SA's** dividend performance and assess its sustainability.

What Does Ecopetrol SA Do?

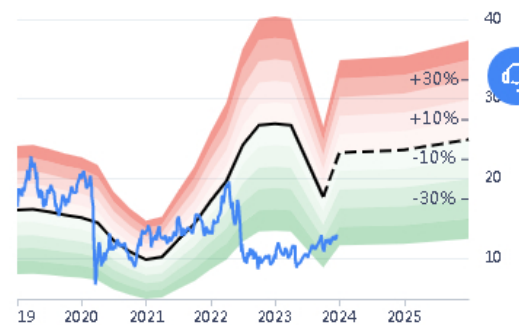
Ecopetrol SA is a vertically integrated oil company with operations in Latin America and the United States Gulf Coast. Based out of Colombia, the company explores, develops, and conducts production activities in various countries. **Ecopetrol** works as the primary operator or partner in a joint venture, in a host of assets held onshore and offshore. Along with production, the company refines and markets crude oils and byproducts produced from its fields. Crude products are moved by **Ecopetrol** through a

EC Chart

GF Value: \$22.45

Possible Value Trap, Think Twice

GF Value (USD) Price (USD)



GuruFocus has detected 5 warning signs with EC

[EC 30-Year Financial Data](#)

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Ticker	Price	Day's Change %	Price Change
EC	\$12.98	1.41	0.18

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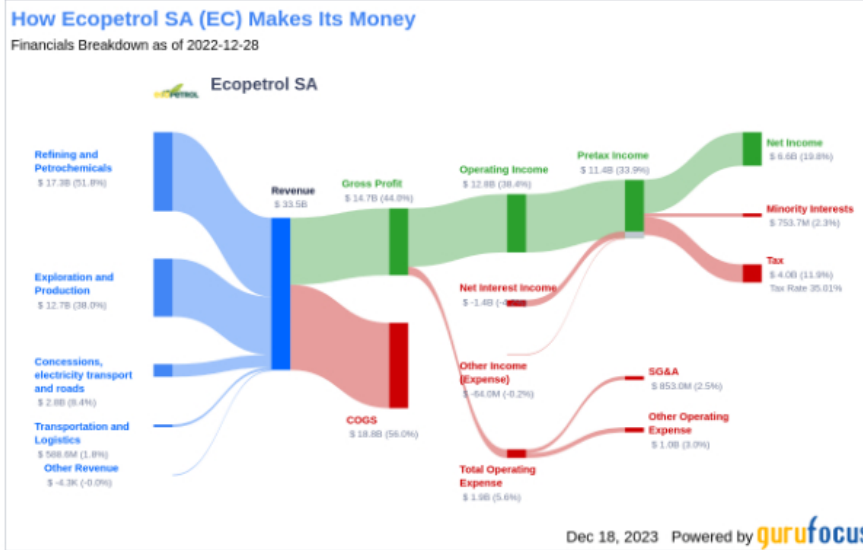
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series of pipelines throughout Colombia, along with a network of third-party production centers and facilities.



A Glimpse at Ecopetrol SA's Dividend History

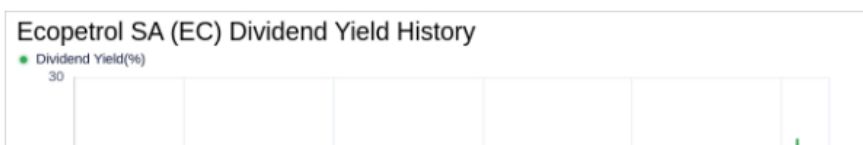
Ecopetrol SA has maintained a consistent dividend payment record since 2017. Dividends are currently distributed on a quarterly basis. Below is a chart showing annual Dividends Per Share for tracking historical trends.

Breaking Down Ecopetrol SA's Dividend Yield and Growth

As of today, Ecopetrol SA currently has a 12-month trailing dividend yield of 14.11% and a 12-month forward dividend yield of 21.24%. This suggests an expectation of increased dividend payments over the next 12 months.

Ecopetrol SA's dividend yield of 14.11% is near a 10-year high and outperforms 96.54% of global competitors in the Oil & Gas industry, suggesting that the company's dividend yield stands out as an attractive proposition for income investors.

Over the past three years, Ecopetrol SA's annual dividend growth rate was 12.90%. Extended to a five-year horizon, this rate increased to 21.70% per year. Based on Ecopetrol SA's dividend yield and five-year growth rate, the 5-year yield on cost of Ecopetrol SA stock as of today is approximately 37.67%.



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The Sustainability Question: Payout Ratio and Profitability

To assess the sustainability of the dividend, one needs to evaluate the company's payout ratio. The [dividend payout ratio](#) provides insights into the portion of earnings the company distributes as dividends. A lower ratio suggests that the company retains a significant part of its earnings, thereby ensuring the availability of funds for future growth and unexpected downturns. As of 2023-09-30, [Ecopetrol SA](#)'s dividend payout ratio is 0.81, which may suggest that the company's dividend may not be sustainable.

[Ecopetrol SA](#)'s [profitability rank](#), offers an understanding of the company's earnings prowess relative to its peers. GuruFocus ranks [Ecopetrol SA](#)'s profitability 9 out of 10 as of 2023-09-30, suggesting good profitability prospects. The company has reported net profit in 9 out of the past 10 years.

Growth Metrics: The Future Outlook

To ensure the sustainability of dividends, a company must have robust growth metrics. [Ecopetrol SA](#)'s [growth rank](#) of 9 out of 10 suggests that the company's growth trajectory is good relative to its competitors.

Revenue is the lifeblood of any company, and [Ecopetrol SA](#)'s [revenue per share](#), combined with the [3-year revenue growth rate](#), indicates a strong revenue model. [Ecopetrol SA](#)'s revenue has increased by approximately 30.70% per year on average, a rate that outperforms approximately 82.81% of global competitors.

The company's [3-year EPS growth rate](#) showcases its capability to grow its earnings, a critical component for sustaining dividends in the long run.

During the past three years, **Ecopetrol** SA's earnings increased by approximately 31.60% per year on average, a rate that outperforms approximately 61.94% of global competitors.

Lastly, the company's 5-year EBITDA growth rate of 21.40%, which outperforms approximately 70.02% of global competitors.

Investor Considerations for **Ecopetrol** SA's Dividend Future

Considering **Ecopetrol** SA's consistent dividend payments, robust dividend growth rate, and the potential red flag raised by the payout ratio, investors are faced with a nuanced picture. The company's strong profitability and growth metrics, however, suggest a favorable outlook for the sustainability of its dividends. With these factors in mind, investors should weigh the attractive dividend yield against the risks associated with the payout ratio. As always, due diligence and a comprehensive analysis of **Ecopetrol** SA's financial health and market position are recommended before making any investment decisions.

GuruFocus Premium users can screen for high-dividend yield stocks using the [High Dividend Yield Screener](#).

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SPH Chart

GF Value: \$16.45 ▲

