Income Investors: 2 TSX Energy Stocks With Dividend Yields Up to 8.5%

Description

As countries start lifting lockdown restrictions, sectors that have been badly hit will start clawing back slowly. Few sectors have been as badly pummelled as the energy sector. As businesses start functioning again, people will get out of their homes and in their cars, which may accelerate the recovery in oil prices. Due to the recent weakness in energy stocks, investors can look to buy a few of them at a bargain with attractive dividend yields.

The current volatile environment also offers investors an opportunity to identify stocks that have stood the test of time and have rebounded from past crises as well. There are two stocks in a play like this that have found their footing after the bloodbath in March and are good dividend payers.

This pipeline stock has a dividend yield of 8.5%

First up is pipeline stock, **Keyera Corp** (TSX:KEY). Trading at $23.29 at writing, Keyera offers a tasty 8.54% forward dividend yield. The stock is trading at 36% below its 52-week high and hasn't cut its dividend in the last quarter like other pipeline companies such as **Inter Pipeline**.

Keyera declared an adjusted EBITDA of $327 million and a distributable cash flow of $253 million in the first quarter of 2020. Its net earnings came in at $86 million.

The company continued work on its capital projects that were under construction and are expected to generate cash flow later in 2020. These include completion on phase two of the Wapiti gas plant expected to be commissioned in the fourth quarter of 2020.

Construction is also on at Wildhorse crude oil storage and blending terminal in Oklahoma, which is on track to be commissioned in the second half of 2020. Construction is also on at the Pipestone gas plant in Alberta.

Keyera has cut down on its growth capital from a range of $700 million-$800 million to $475 million-$525 million. It expects maintenance capital for 2020 of between $30 million and $35 million, down from $105 million in 2019. Keyera says it is seeing demand pick up in North America, which bodes well for the company's near-time future.

Parkland Fuel Corp has a yield of 3.5%

The second energy stock is **Parkland Fuel Corp** (TSX:PKI). Parkland supplies and markets fuel across Canada, the U.S. and the Caribbean. Parkland is also a leading convenience store operator. The stock is trading at $36.39, down over 26% from its 52-week high of $49.22.

Demand across company products has reduced significantly since the end of March. Refineries haven't been operating at capacity, but all of that has started to change. Demand is slowly picking up as restrictions lift and industries start to function as people start driving again.

The company announced its first-quarter results in May and recorded a net loss of $79 million. Adjusted EBITDA came in at $191 million for the quarter compared to just over $300 million in the same period of 2019. Cash from operations was $258 million compared to $136 million in 2019.

The cash flow was used to fund the company's CapEx and dividends for the quarter and the Kellerstrass acquisition. The stock sports a forward dividend yield of 3.13% and might be a winning bet for long-term investors.

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2. TSX:PKI (Parkland Fuel Corporation)

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