



## 2 Dividend Aristocrats With an Over 6% Dividend Yield to Buy Right Now

### Description

Amid the low interest rate environment, the returns on debt instruments have become unattractive. Investors can therefore earn higher stable passive income by investing in high yielding dividend stocks. However, not all dividends paying stocks are safe. The pandemic has weakened the financial position of several companies, which are looking to conserve capital by slashing their dividends.

However, the following two Canadian Dividend Aristocrats continued to support their shareholders through uninterrupted dividends, thanks to their healthy liquidity position and stable cash flows. So, investors who are looking to earn higher-stable income can buy the following two **TSX** stocks.

### Canadian Natural Resources

The hope of both life and business returning to pre-pandemic ways amid the encouraging announcements from Pfizer and Moderna has pushed the crude oil prices higher. The increase in oil prices has led **Canadian Natural Resources'** ([TSX:CNQ](#))([NYSE:CNQ](#)) stock price to rise over 29% this month.

Despite the surge, Canadian Natural Resources is trading 34.6% lower for this year. The timid oil prices have weighed heavily on its stock price and financials. In the September ending quarter, the company [reported](#) adjusted net earnings of \$135 million, representing a year-over-year decline of 89%.

However, it is an improvement from a loss of \$772 million in the second quarter. The improvement in commodity prices, higher production volumes, and lower production expenses drove its adjusted net income.

Further, Canadian Natural Resources generated cash flows of approximately \$467 million after removing capital expenditures and dividend payments, reflecting the strength of its long-life low-decline asset base. The company's management expects to achieve breakeven at oil price trading at US\$30 – US\$31 per barrel on the **West Texas Intermediate Index**. With the oil prices trading significantly higher, the company's number could improve further. Given the strong cash flows and healthy liquidity of approximately \$4.2 billion, its dividends are safe.

Its board has announced quarterly dividends of \$0.425 per share for the third quarter. Its dividend yield currently stands at a healthy 6.2%. Its valuation also looks attractive at a forward price-to-book multiple of 1.

## Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), which has paid dividends for the last 65 years, is my second pick. It has increased its dividends at an annualized rate of 11% over the previous 25 years. This year, the company's board has increased its dividends by 9.8%. Currently, its dividend yield sits at an attractive 8.5%.

Enbridge runs a highly diversified business, with 98% of its adjusted EBITDA generated from long-term take-or-pay and cost-of-service contracts, which provides stability to its earnings and cash flows. The company generated \$3 billion of adjusted EBITDA in its third quarter, representing a decline of 3.6% from the previous year's quarter. The decline in its liquid mainline system's throughput dragged its financials down.

Meanwhile, Enbridge's distributable cash flows stood strong at \$2.1 billion. The company's management has also maintained its earlier announced DCF per share guidance of \$4.50 to \$4.80. Further, it is going ahead with its \$11 billion secured growth projects, with around \$5 billion left to spend by 2022.

The management is hopeful that these projects and growth within each business could generate 5-7% DCF-per-share growth every year until 2022. Further, the company's management has stated that the company is currently using its liquid mainline's full capacity.

I therefore expect the company's fourth-quarter numbers to be much better. Given its stable cash flows and healthy liquidity position, [I am bullish on Enbridge](#).

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:ENB (Enbridge Inc.)

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## **Date**

2025/08/23

## **Date Created**

2020/11/17

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