2 of the Best Canadian Dividend Stocks Offering Eye-Popping Yields

Description

The acceleration in vaccine distribution, economic expansion, and revival in consumer demand suggests that now is the time to park some of your money into stocks offering high and secure dividend yields. Notably, the improving operating environment is likely to boost corporate earnings and, in turn, support higher dividend payments.

I have zeroed in on two such Canadian companies that have consistently paid and increased their dividends. Furthermore, they are offering high, safe yields.

Enbridge

Speaking of safe and high dividend yields, consider adding the shares of the energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB) to your portfolio. It offers a stellar dividend yield of 7.2%. Besides higher yields, an investment in Enbridge stock could help you earn a steady dividend income that could continue to grow with you. Notably, it has consistently paid dividends for 66 years in a row. Furthermore, it uninterruptedly increased the same by a CAGR of 10% in the last 26 years.

My optimism on Enbridge's future dividend payments is backed by its low-risk business, which produces resilient and growing cash flows. Enbridge owns more than 40 diverse cash flow streams and has long-term contractual arrangements with its customers. Further, most of these contracts are secured through a take-or-pay or cost-of-service framework that reduces risk and adds stability. I believe the revival in energy demand, recovery in its mainline throughput, and continued momentum in the core business are likely to drive its distributable cash flows in the coming years and support higher dividend payments.

I expect the higher utilization of its assets, customer growth, rate escalations, and opportunities in the renewable power business could significantly boost its cash flows. Also, the $16 billion secured capital program augurs well for future dividend growth.

Pembina Pipeline

Like Enbridge, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) also offers a very high dividend yield that is safe and highly reliable. Notably, Pembina Pipeline's business is highly contracted, implying that its dividend payments are secure. The company has paid dividends for over 22 years and increased it by a CAGR of 4.9% in the last decade.

Pembina generates robust fee-based cash flows, which supports its dividend payouts. Meanwhile, its payout ratio is low and sustainable in the long run. Further, Pembina Pipeline's exposure to multiple commodities, recovery in demand, higher volumes, and increased prices suggest that its cash flows could continue to grow at a decent pace and support its high yield of 6.5%.

Furthermore, the strong backlog of growth projects and operating leverage could accelerate its revenue-growth rate and cushion its margins. Also, shares of Pembina Pipeline are trading at a lower EV/EBITDA multiple than its peers.

Final thoughts

Both Enbridge and Pembina Pipeline offer high and reliable yields. These companies have consistently boosted their shareholders' returns through increased dividend payments. I believe the increase in economic activities and higher average prices are likely to boost the earnings of both these companies and drive their dividends higher.

Further, their payout ratios are sustainable in the long run, thanks to the diverse cash flow streams and conservative business mix backed by contractual arrangements.

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Date
2025/08/24
Date Created
2021/05/21
Author
snahata