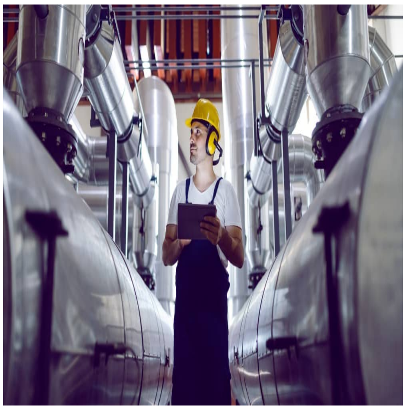

3 Energy Stocks for a Healthy Yield and Payout — for Now

Description

The energy sector has made an impressive recovery in 2021, and even though the momentum is slowing down, it's highly unlikely that it will break anytime soon. The morale in and around the sector is quite high, and an example of it is that **TC Energy** (TSX:TRP)(NYSE:TRP) stock didn't even budge when the company formally terminated its major pipeline project.

If we consider the global attitude toward fossil fuels and how the regulations are shifting in this particular sphere, the long-term prospects of energy companies might be relatively bleak. But the future where energy companies are no longer relevant might be decades away, and till then, you can enjoy the bountiful yields that the energy sector is offering.

An exploration company

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ), with a market capitalization of $54.7 billion, is one of the largest independent crude oil and natural gas producers in the world. Its product portfolio is made up of four components: oil sands, light crude, heavy crude, and natural gas, and the portfolio is quite well-balanced.

Valuation-wise, CNQ might be the most stable company on this list. Its last 12-month growth of 114% (which is phenomenal given the company's valuation history) is not in line with its usual pattern of hovering around a "benchmark" valuation (at least for the last five years).

As a Dividend Aristocrat, the company has grown its payouts for two consecutive decades and is currently offering a yield of 4.1%, with a relatively stable payout ratio (93.3%).

An energy infrastructure company

TC Energy is a solid Dividend Aristocrat with two decades of payout growth endorsing its reliability. Another advantage that TC has is its focus on natural gas, which is not as “on the target” of energy conservation groups and legislation as oil.

The company has an impressive network of pipelines under its care: 93,300 km natural gas and 4,900 kilometres of oil and other hydrocarbon liquids. Thanks to its position as a pipeline company, it’s not *as* vulnerable to drying up oil demand and market fluctuations as a few other energy companies are.

It’s currently offering a decent 5.3% yield at a payout ratio of 136.9%, which doesn’t seem healthy per se, but the company has sustained its dividends through worse.

A high-yield energy stock

Enbridge (TSX:ENB)(NYSE:ENB) has a special place in the hearts of Canadian dividend investors. The company has always been generous with its payouts and dividend increases, even during the worst times for the energy sector. Even now, when the stock price is quite near its pre-crash valuation, it’s offering a mouthwatering yield of 6.7%. The payout ratio is a bit high (104%), but it’s about a third of what it was in 2020.

As the largest energy company in the country and a leader in the energy transportation segment, the company moves one-fourth of the crude oil produced in North America.

It also moves 20% of the natural gas in the region as well. The company has an impressive network of pipelines, and thanks to the nature of its business, it’s also partially sheltered from any headwinds the sector suffers through.

Foolish takeaway

All three energy companies are currently offering impressive yields and boast stellar dividend histories. They proved their mettle in 2020 when oil prices fell into the negative territory for the first time.

The companies are well-positioned to adjust themselves to the changing dynamics of the global energy market and are likely to sustain and grow their dividends for several years in the future.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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3. NYSE:TRP (Tc Energy)
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