3 Top TSX Energy Stocks to Buy Ahead of Q2 Earnings

Description

Energy stocks that were beaten hard amid the pandemic have rebounded strongly, thanks to the steady improvement in global energy demand and higher average realized prices. Despite the growth, energy stocks look like attractive investments, as the increasing economic activities, higher realization, and increased production provide a multi-year growth opportunity for the companies operating in this space.

With an improving operating environment in the backdrop, I have shortlisted three top TSX energy stocks that will soon report their quarterly financials and look attractive at current price levels.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) delivered a solid Q1 performance, benefitting from improving energy demand and increased commodity prices. Thanks to the improving fundamentals, I believe the midstream energy infrastructure company is well positioned to deliver yet another strong quarter.

Pembina is scheduled to announce Q2 results on Aug. 6, and I believe higher average price realization, improved volumes, and cost-savings could continue to drive its financials. Pembina's new assets into service, newly secured growth projects, significant backlogs, debt reduction, and improving operating leverage augur well for growth. Overall, I remain upbeat on Pembina's growth prospects and expect its diversified and contracted business and exposure to multiple commodities to continue to drive its cash flows and dividend payments.

It has paid a regular dividend since 1997 and has raised it by about 5% annually in the last decade. Furthermore, Pembina offers a high yield of 6.1%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is slated to announce its Q2 earnings on July 30. Like Pembina, higher economic activities and higher volumes drove its Q1 performance and led to a stellar recovery in its stock price. Enbridge operates a highly diversified business with a contractual framework that generates resilient cash flows.

I believe the recovery in its mainline volumes, sustained momentum in the core business, productivity savings, and higher asset utilization rates to boost its Q2 performance. Furthermore, investments in natural gas and renewable power business and multi-billion-dollar secured capital growth bode well for future growth.

Enbridge is also a solid dividend-paying stock and has consistently paid dividends for more than 66 years and hiked it at a CAGR of 10% since 1995 and offers a juicy yield of 6.8%. Its forward EV/EBITDA multiple of 12.3 is still below its historical average, making it attractive on the valuation front at current price levels.

TC Energy

Investors could consider buying **TC Energy** (TSX:TRP)(NYSE:TRP) stock ahead of its upcoming Q2 (scheduled on July 29). I expect TC Energy to deliver solid Q2 performance, reflecting strength in its base business, high-quality asset base, and high asset utilization rate. Meanwhile, recovery in energy demand and an uptick in economic activities further strengthens my bullish view.

Notably, TC Energy's assets are either regulated or contracted, generating strong cash flows and supporting higher dividend payments. Meanwhile, its $20 billion secured capital program and favourable project mix, solid development portfolio will likely support its long-term growth.

Notably, it has increased its dividends by a CAGR of 7% in the last 21 years and offers a stellar yield of 5.7% at current price levels. The company projects a 5-7% growth in its future dividends, while its payout ratio is sustainable in the long run.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. snahata

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date
2025/08/24
Date Created
2021/07/27
Author
snahata