3 Top Energy Stocks That Pay Mad Dividends

Description

If you like dividends, energy stocks are great plays to consider. The vast majority of them pay dividends, and the payouts have the potential to rise. Currently, we're in a very bullish period for oil and gas prices. The world is recovering from the COVID-19 pandemic and oil prices are soaring. That means there is serious potential for dividend increases from the world's biggest energy companies. In this article, I will explore three top energy stocks that pay mad dividends and also hold the potential for dividend growth.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(PBA) is a Canadian pipeline company that yields a whopping 6%. If you invest $100,000 in this stock you get $6,000 per year back in dividends–assuming no cuts or hikes.

That's not to say there won't be any cuts or hikes, however. Because the truth is, hikes are looking likely. After years in the doldrums, the tar sands are back to pumping out record profits. PPL, as a pipeline company, helps these companies transport their oil and gas.

In its most recent quarter, PPL delivered:

- $1.9 billion in revenue, up from $1.2 billion.
- $254 million in earnings, down from $289 million.
- $584 million in cash from operations, down from $642 million.

As you can see, profit and cash flow metrics declined very slightly, but revenue grew. So as long as PPL can keep its costs under control, it has the potential to grow profits going forward.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is another pipeline stock like PPL. This one yields a truly stunning 6.3%. Like PPL, Enbridge benefits from the rising demand for oil and gas. It doesn't directly take a cut of oil and gas sales, but there is more demand for its services when there is more demand for oil. On top of that, ENB has a bunch of infrastructure projects in the works that can increase its transportation capacity. From the Line Three expansion to the Line Five tunnel, it has a lot of new projects that can boost revenue. And unlike Keystone XL, none of these projects is at serious risk of being cancelled. So Enbridge is a dependable energy stock with a great deal of potential.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is a Canadian energy/utility stock that yields approximately 5%. While that's not as high as PPL or ENB, RNW has one thing going for it that those stocks don't: a focus on renewables.

The oil and gas industry is currently under a massive amount of pressure due to its high carbon footprint. Countries are always taking measures to lower emissions, which can hit demand for traditional energy sources like oil and gas.

Not so for renewable energy.

Amid an era of increasing climate change regulations, solar, wind, and hydro are safe places to be. And that's exactly how RNW generates its power. So, this energy play faces much less regulatory risk than its peers.

CATEGORY

1. Investing

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1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:RNW (TransAlta Renewables)

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