



3 Energy Stocks That Deserve A Spot In Your Dividend Portfolio

Description

The energy sector is home to plenty of great dividend stocks, with stellar dividend histories and generous yields. But the sector has also seen a lot of change and trouble in the last decade, not just in Canada but across the globe. The pandemic only aggravated the situation by throttling the demand, triggering one major dividend payer to slash its payouts.

Many dividend companies in the energy sector that sustained their payouts throughout the difficult phase the sector went through and are still offering amazing yields should not be dismissed for the troubles in the sector, instead be considered for their resilience.

A pipeline transport company

[Energy transportation](#), whether it's focused on oil or natural gas, comes with a unique set of challenges and perks. Canada has multiple large players in this arena and one of them is **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). The company operates about 18,000 kilometres of pipelines capable of transporting heavy oil and oil sands.

Pembina has a solid history of dividends. The company has been growing its payouts for nine consecutive years, earning it the title of an aristocrat (though it might lose that title by pausing the dividend growth) and it has sustained its payouts through payout ratios above 100% for the last eight out of 10 years.

The current yield of 6.5% is quite impressive, and since the stock is still trading at a 27% discount to its pre-pandemic peak, you might enjoy a bit of capital appreciation as well.

A natural gas liquids company

Keyera ([TSX:KEY](#)) has been an aristocrat for a decade. It's one of the largest players in the midstream business and owns extensive natural gas processing and transmission infrastructure, including 4,400 km of "gas gathering network." Marketing is another important impact of Keyera's business model.

In the last five years, Keyera's stock has been significantly more stable compared to many other energy giants or the sector in general, and its post-pandemic recovery has been relatively swift as well. And it has another card in the deck that can better position it in the energy and even the broad ESG market if the market conditions are right. And that's its ability and infrastructure for hydrogen production.

Even apart from that "if" scenario, Keyera's juicy 6.6% yield, and its dividend sustainability history make it an energy dividend stock worth considering.

The largest energy player in Canada

As the largest energy player in North America, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) gets a lot of credibility as a stock. It operates one of the [largest pipeline infrastructures](#) in North America to move both oil and natural gas around the region. The company is responsible for transporting a major fraction of the natural gas and oil consumed in the region or processed for export.

But the size and the dominance due to infrastructure are not the only things that make Enbridge a good dividend stock for your portfolio. It has a stellar dividend history as it has been growing its payouts for 25 consecutive years, making it an aristocrat on both sides of the border. It's also very generous with its dividends growth and its current yield is a mouthwatering 6.8%.

Foolish takeaway

Leaning too heavily on one sector might not be a good idea, but you also shouldn't stay clear of a particular sector because of its shaky future potential until you start seeing the evidence and witness negative patterns emerging. The energy [dividend stocks](#) above *might* have experienced the symptoms when it comes to the share price, but their dividend-based return potential is still solid.

CATEGORY

1. Dividend Stocks
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2. NYSE:PBA (Pembina Pipeline Corporation)
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4. TSX:KEY (Keyera Corp.)
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Author

adamothonman

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