The 3 Top TSX Stocks for High Dividend Yields in 2022

Description

Amid lower interest rates, dividend stocks offering high and reliable yields appear to be an attractive investment for a consistent inflow of cash. So, if you are looking for a higher yield in 2022, consider buying these top dividend-paying TSX stocks now.

Enbridge

With its long dividend payment history, solid earnings base, and high yield of 7%, **Enbridge** (TSX:ENB)(NYSE:ENB) is a must-have TSX stock to generate consistent income. Enbridge has paid dividends for over six-and-a-half decades. Further, its dividends have a CAGR of 10% over the past 26 years.

I expect Enbridge to continue to benefit from the higher utilization of its assets, recovery in mainline volumes, and strength in the core business. Furthermore, its diversified cash flows, strategic acquisitions, and contractual arrangement augur well for growth.

Thanks to the $10 billion growth capital placed into service in 2021, Enbridge expects to deliver strong cash flows in 2022. It recently announced a 3% hike in its annual dividends. Moreover, it projects its 5-7% average annual growth in its distributable cash flow per share through 2024.

Looking ahead, its strong secured capital program, revenue escalators, and productivity savings will likely cushion its earnings and, in turn, drive higher dividend payments. Enbridge’s high dividend yield is safe, and its targeted payout ratio of 60-70% is sustainable in the long run.

Pembina Pipeline

Like Enbridge, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stock offers a high dividend yield that is reliable. Pembina offers monthly payouts and has paid dividends for more than two decades. To be precise, it has paid dividends since 1997. Furthermore, it has paid dividends worth $10.5 billion since then.

Pembina's highly contracted business, recovery in volumes, and increased commodity prices suggest that Pembina could continue to boost shareholders' returns through consistent dividend payments. Moreover, backlogs and new growth projects will likely support its growth.

It's worth noting that shares of this energy infrastructure company are trading cheaper than peers. Pembina's forward EV/EBITDA multiple of 10.2 is lower than its historical average and compares favourably to the peer group average of 11.7.

Overall, its highly contracted business, strong fee-based cash flows, low valuation, and a high dividend yield of 6.5% make it a solid investment at current levels.

Algonquin Power & Utilities

Next up are the shares of utility company **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). With its conservative business mix and high-quality asset base, Algonquin Power has consistently grown its earnings at a decent pace, allowing it to enhance its shareholders' returns through increased dividends.

Notably, Algonquin Power has paid and increased its dividends at a CAGR of 10% in the last 11 years. Furthermore, it is yielding 4.7% at current levels.

Looking ahead, its five-year $12.4 billion capital program is expected to drive its rate base and, in turn, its high-quality earnings base. It's worth noting that Algonquin Power projects its rate base to increase at a CAGR of 14.6% from 2022 to 2026. Meanwhile, it expects its earnings to increase by a CAGR of 7-9% during the same period.

Overall, its low-risk utility assets, long-term contracts, opportunities in renewables, and visibility over future earnings make it a top income stock. Furthermore, Algonquin Power stock has witnessed a healthy pullback, representing a good buying opportunity.

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3. NYSE:PBA (Pembina Pipeline Corporation)
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