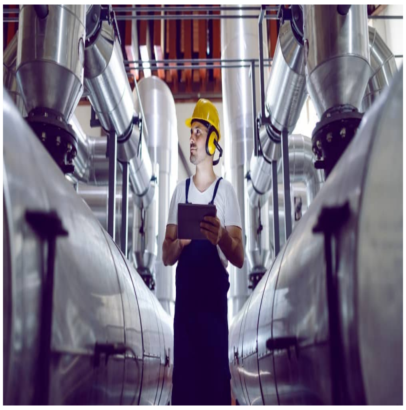

The 2 Best Oil-Related Dividend Stocks to Buy Before March Ends

Description

Increasing macro uncertainties due to escalating geopolitical tensions and interest rates hikes are making it difficult for investors to pick stocks to buy. While these factors have made most high-growth stocks extremely volatile lately, some dividend stocks from the oil and gas industry with a strong fundamental outlook are likely to remain largely unaffected, as oil prices and demand continue to soar. That's why long-term investors may consider adding such high-yielding dividend stocks related to the oil and gas sector to their portfolio right now. In this article, I'll talk about two of the best oil-related dividend stocks that I find worth buying today.

Gibson Energy stock

Gibson Energy (TSX:GEI) currently trades at $25.50 per share with 14.6% year-to-date gains. With that, the market cap of this crude oil infrastructure company has risen to $3.7 billion.

While Gibson Energy has consistently been beating analysts' earnings estimates for the last four quarters in a row, its revenue in the fourth quarter exceeded Street's expectations for the first time after a gap of eight quarters. In Q4 2021, the company reported a solid 60.5% YoY (year-over-year) jump in its total revenue to $2.12 billion — nearly 13.5% higher than analysts' estimate of around $1.87 billion. Factors such as higher commodity prices and volumes increasing contribution from its marketing segment helped Gibson Energy post solid revenue growth.

Last year, the company's infrastructure segment adjusted EBITDA significantly improved by around 17% YoY to $436 million due to strong performance at the Hardisty and Edmonton terminals. With this, Gibson also managed to beat Street's earnings estimates by nearly 29% in Q4 as it reported a solid 263% adjusted earnings growth on a YoY basis, showcasing an outstanding financial recovery after facing challenges in the previous year. Apart from its strong financial growth trends, Gibson Energy's handsome 5.8% dividend yield makes this Canadian oil stock worth buying right now.

Freehold Royalties stock

From the Canadian oil and gas sector, **Freehold Royalties** (TSX:FRU) is also one of my favourite dividend stocks. The shares of this oil and natural gas producer have surged by 28% this year so far to $14.86 per share, outperforming the broader market by a wide margin, as the **TSX Composite** benchmark currently trades with only 3.5% gains at the moment.

In 2021, Freehold Royalties registered a whopping 186% YoY increase in its sales to $73.6 million, as it achieved record average production levels in the final quarter of the year. Interestingly, its oil segment accounted for nearly 73% of its total revenue last year. This sharp financial recovery also allowed Freehold Royalties to increase its monthly dividend every quarter last year. At the time of writing, this Canadian oil stock has a dividend yield of more than 6%.

Its impressive production improvements last year also encouraged the company to give solid average production guidance for 2022, which should keep its strong financial growth trend intact. In addition, skyrocketing oil prices could help Freehold boost its profitability.

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