3 Dividend Aristocrats Canadians Can Buy in 2022

Description

In Canada, Dividend Aristocrats are defined as companies that have increased dividend payments for at least five consecutive years. In the last two years, the world has wrestled with a global pandemic, which resulted in a severe deceleration of economic activity.

So, the entities who maintained or increased dividend payments when consumer spending was depressed have showcased the resiliency of their business models.

While equity markets are in turmoil, the energy sector is well poised to deliver outsized gains to investors in 2022 due to higher oil prices. Here, we'll take a look at three Canada-based energy stocks that should be on the top of your buying list right now.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) reported adjusted earnings of $481 million and adjusted EBITDA of $1 billion in Q1 on the back of higher natural gas liquids and crude oil prices, margins, and volumes. The company revised its adjusted EBITDA guidance to between $3.45 billion and $3.6 billion, up from its previous guidance between $3.35 billion and $3.55 billion.

Its operating cash flow stood at $655 million in Q1 — an increase of 44% year over year. Pembina's adjusted operating cash flow rose 20% year over year to $700 million as well in the quarter ended in March.

Pembina offers investors a forward yield of 5%. After adjusting for dividends, the stock has surged close to 36% in the last 12 months.

Enbridge

One of the largest energy infrastructure companies in the world, **Enbridge** (TSX:ENB)(NYSE:ENB) owns assets that transport oil and natural gas across North America. Enbridge charges energy companies a fee based on volumes, which suggest it is relatively immune to fluctuations in commodity prices.

Enbridge expects to increase cash flows by $2 billion over the next few years which should allow the company to increase capital expenditures as well as dividend payments. The increase in cash flows can also be used to acquire assets that should support dividend increases going forward.

Due to Enbridge's robust business model, it has increased dividend payouts for 27 consecutive years. At the time of writing, its dividend yield stands at 6.1%. It ended Q1 with a distributable cash flow of $3.1 billion, or $1.52 per share, an increase of 10.7% year over year. Enbridge's payout ratio is sustainable at 57%, making it one of the top dividend stocks on the TSX.

TC Energy

The final dividend stock on my list is **TC Energy** (TSX:TRP)(NYSE:TRP), which offers investors a juicy yield of 5%. TC Energy is also a midstream company and generates cash flows across business cycles. The company's quality of assets and solid energy transition strategy make it an ideal long-term bet for investors.

In its recent press release, TC Energy's president and CEO François Poirier stated, "During the first three months of 2022, our diversified and opportunity-rich portfolio of essential energy infrastructure assets continued to deliver strong results and reliably meet North America's growing demand for energy. By working closely with our customers, we are developing long-term strategic partnerships and innovative energy solutions with the expectation of sanctioning over $5 billion of new projects annually, in line with our historic risk and return preferences."

CATEGORY

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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)

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