



4 Top Energy Dividend Stocks to Buy Now

Description

The pandemic took a toll on the financials and operations of energy companies by wiping out demand. However, the increase in economic activities following easing restrictions, underinvestment in new supply during the pandemic, and disruptions from Russia's invasion of Ukraine led to a sharp rally in crude and gas prices, giving a significant boost to the financials of the energy companies.

Strong demand and higher average selling prices are driving the profitability of the energy companies, leading them to lower debt at an accelerated pace and enhance shareholders' returns through share buybacks and increased dividend payments.

As the demand and prices of commodities are expected to remain higher, it's prudent to allocate some of your funds to [energy companies](#) to benefit from their solid payouts and earn steady income, despite the volatility in the market.

With that backdrop, let's zoom in on four energy stocks offering solid yields.

Suncor Energy

The challenges from the pandemic led **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) to cut its dividend. However, the steep recovery in oil price and steady demand drove management to reinstate its dividend to pre-pandemic levels. Also, Suncor increased its quarterly dividend further in Q1 of this year by 12%.

Looking ahead, higher prices of crude and refined products and volume growth will support its cash flows and payouts. Also, its focus on lowering operating costs per barrel will likely cushion its cash flows. Investing in Suncor Energy stock, one can earn a yield of 3.5%.

Pembina Pipeline

While the pandemic disrupted the energy sector, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) continued

to pay a regular dividend, which highlights the strength of its cash flows. It's worth mentioning that Pembina started paying a dividend in 1997 and has paid more than \$11 billion in dividends. Furthermore, Pembina's dividend has increased at a CAGR of about 5% over the last decade.

Its diversified business and highly contracted asset base consistently generate solid fee-based cash flows that support its payouts. Moreover, higher commodity prices, high asset utilization rate, improving volumes, and benefits from new assets placed into service could continue to support its cash flows and payouts. Pembina Pipeline stock offers a well-protected yield of 4.8%.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is popular income stock and a must-have in your portfolio to earn a worry-free dividend. It has raised its dividend for 27 years and is yielding about 5.9%, which is attractive. Its diversified cash flows, solid asset base, contractual arrangements, and inflation-protected EBITDA augur well for future payouts.

Further, strong energy demand, recovery in its mainline volumes, and its multi-billion secured capital projects suggest that Enbridge could generate strong distributable cash flows and enhance its shareholders' returns through higher dividend payments. Moreover, its payout ratio is sustainable in the long term.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another reliable investment in the energy sector for steady dividend income. It's worth mentioning that about 95% of its adjusted EBITDA is generated through its regulated and contracted business, implying that its payouts are well protected. TC Energy paid and raised its dividend for 22 consecutive years and is yielding about 5%.

The company sees 3-5% annual growth in its future dividends. Moreover, its high-quality asset base and solid secured capital program suggest that TC Energy could deliver strong cash flows that would easily cover its payouts.

CATEGORY

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. NYSE:TRP (Tc Energy)
5. TSX:ENB (Enbridge Inc.)
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