



3 Oil Stocks With Surprisingly Good Dividends

Description

Oil stocks have been great sources of investment income since 2021 due to strong energy demand and rising crude prices. This year, most of the top price performers on the TSX thus far are from the [energy sector](#). However, many are inclined to invest in dividend-paying oil stocks because of the fat cash flows the companies generate.

The potential return on investment is higher when you combine price appreciation and dividend payments. **TC Energy** ([TSX:TRP](#)) ([NYSE:TRP](#)), **Gibson Energy** ([TSX:GEI](#)), and **Whitecap Resources** ([TSX:WCP](#)) pay surprisingly good dividends. If the upward trajectory of crude prices continues, there should be plenty of room for dividend growth.

Opportunity-rich energy assets

TC Energy maintains a constructive fundamental outlook following the impressive results in Q1 2022. The \$65.27 billion company is a major player in North America's oil & gas midstream industry. In the three months ended March 31, 2022, net income was \$358 million compared to the \$1 billion net loss in Q1 2021.

The net cash provided by operations during the quarter was \$1.7 billion — or a 2.46% year-over-year increase. Management credits its diversified and opportunity-rich portfolio of essential energy infrastructure assets for the strong quarterly results. It also notes the robust flows and utilization levels across many TC Energy's systems.

Because of the complex global environment today, TC Energy sees an urgent need to develop greater energy security. The company expects its total capital expenditures of around \$7 billion in 2022 to deliver modestly higher EBITDA this year versus 2021.

At \$65.32 per share (+12.42% year to date), the dividend yield is a hefty 5.51%. TC Energy is a Dividend Aristocrat for raising its dividend for 21 consecutive years.

Strengthening environment

Gibson Energy has been operating since 1950 and engages in the gathering, storage, optimization, processing, and marketing of liquids and refined products in North America. The \$3.48 billion liquids infrastructure company isn't a top price performer but pays an over-the-top 6.02% dividend following a recent 6% hike.

If you invest in Gibson today, the share price is \$23.64 (+6.99% year to date), while the dividend offer is 6.02%. In Q1 2022, revenue and net income increased 67% and 59% versus Q1 2021. Its president and CEO, Steve Spaulding, said, "We are pleased to report a strong start to 2022 from both an operational and financial perspective."

Management noted the strengthening environment for refined products. Gibson's crude marketing business also benefits from the increased market volatility.

Buy rating

Whitecap Resources slashed its dividend by 50% in 2020 but promised that the return of capital to shareholders remained a priority. Because of the significant free funds flow from the business in Q1 2022, management increased its base dividend by 33%. At \$9.77 per share (+32.20% year to date), you can partake of the decent 3.46% dividend.

The \$6.48 billion oil & gas company develops petroleum and natural gas properties in Canada. Management expects to maintain operational momentum through the rest of 2022. Market analysts covering Whitecap recommend a buy rating and forecast a return price appreciation of 55.58% (average) to \$15.20 in one year.

Winning stocks

TSX's energy sector is the top performer in 2022, and TC Energy, Gibson, and Whitecap are among its winning stocks.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:GEI (Gibson Energy Inc.)
3. TSX:TRP (TC Energy Corporation)
4. TSX:WCP (Whitecap Resources Inc.)

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