3 Cheap TSX Energy Stocks With Fast-Growing Dividends

Description

Given the recent stock market correction, even **TSX** energy stocks have pulled back. Some of Canada's top energy stocks are down by nearly 10% over the past week. Interestingly, crude oil prices are only down 5%.

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Any day where oil trades over US$100 per barrel is a *great* day for Canadian energy stocks. In fact, any day over $70 or $80 per barrel can be very profitable for many TSX energy stocks.

Any day over $70 a barrel is a good day

Over the past several years, many energy businesses have become lean and very efficient. At today's prices, they generate *a lot* of spare cash. As these companies reduce debt, they are choosing to distribute most of the remaining cash back to shareholders. Consequently, patient investors could eventually earn huge dividend returns on their stock cost basis.

If you are looking for stocks with fast-growing dividends, here are three energy stocks set to significantly reward shareholders.

Suncor Energy: A legend of TSX energy stocks

Suncor Energy (TSX:SU)(NYSE:SU) stock is down nearly 10% in the past five days alone! The recent pullback might be a very attractive opportunity to add to the stock.

Suncor has underperformed operationally for several years. However, recently an activist investor has come to shake things up and usher operational improvements. Recently, an **RBC** analyst increased his price target to $53, believing that the turnaround is well in the works.

Today, at $46 per share, Suncor is trading with an attractive 4.2% dividend. It just increased its quarterly dividend by 12% to a new record of $0.47 per share. Given the company's strong cash generation and fast-improving balance sheet, further dividend increases are likely to come.

Cenovus: An integrated energy producer

Another TSX energy stock with a quickly growing dividend is **Cenovus Energy** (TSX:CVE)(NYSE:CVE). Like Suncor, it operates a diverse integrated business of production and refining assets in North America. This company is an expert oil sands operator. It just announced that it will acquire the remaining 50% stake in the 50,000-barrel-per-day Sunrise oil sands asset.

This boost to production is expected to be accretive in the near and long term. While this stock only yields 1.7%, Cenovus just increased its dividend by 300%. Cenovus is looking to halve its debt by year-end.

At that point, it plans to return 100% of its excess free cash flow back to its shareholders. Consequently, shareholders could expect further large dividend increases and share buybacks coming very soon.

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Tourmaline: A top TSX natural gas energy stock

Despite its name, **Tourmaline Oil** (TSX:TOU) is actually Canada's largest natural gas producer. It has plays in some of Canada's most productive regions and has an incredibly efficient production network. Likewise, the company has access to some of the best pricing markets in North America.

With zero net debt, Tourmaline is generating a huge amount of cash. After covering its production growth costs, it is still making more money than it needs. Since late last year, it has already distributed several special dividends. Likewise, it has increased its base dividend on almost a quarterly basis.

This TSX energy stock only yields 1.26%. However, factoring special dividends worth $2.75 per share, it yields closer to 5.4% this year. If it continues its pace of elevated special dividends, shareholders could earn as much as a 10% yield on its price today.

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1. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
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5. TSX:TOU (Tourmaline Oil Corp.)

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