



Passive Income Generator: 1 Dividend Stock Yielding 6.16%

Description

Industry analysts expect oil & gas firms to rake in a lot of money and smash profit records in 2022 due to the favourable commodity pricing environment. On the **TSX**, energy constituents dominate the Top 100 performing stocks. **Vermilion Energy**, **Journey Energy**, and **NuVista Energy** are just three of the high-flyers.

In the oil & gas midstream industry, **Enbridge**, **TC Energy**, and **Pembina Pipeline** are perennial favourites of income investors because of their generous dividends. However, **Keyera** ([TSX:KEY](#)) deserves to be included on the buy list. This [energy stock](#) pays a hefty 6.16% dividend.

At \$31.18 per share, the high-yield stock also outperforms the broader market year-to-date, at +13.32% versus -7.55%. Keyera belongs to the handful of TSX companies that pay monthly dividends. A \$29,225 position will generate \$150 in monthly passive income.

Key facilities for a new era

Keyera delivers midstream solutions to customers in the energy industry. According to management, the company name and business stands for “key facilities for a new era.” The \$6.89 billion company has a strong foundation and continues to build and grow the business through key growth projects.

Since the onset of operations two decades ago, the company’s primary focus is on long-term resiliency and sustainability. Keyera provides shareholders with relatively stable and predictable monthly dividends, but retains a portion of cash flow to fund ongoing growth projects.

Keyera’s natural gas liquids (NGL) and condensate system known as KAPS is an industry pipeline solution in Alberta. It was designed to integrate services, generate more volume, and expand commercial opportunities. The \$1.6 billion system is an economic engine that will provide short- and long-term financial benefits to the province.

The construction of KAPS (70% complete) is ongoing and should provide jobs to more than 600 Albertans over the project’s life. In addition to serving as a significant growth driver for the company,

KAPS will support Keyera's desire to drive prosperity for the people living in Alberta.

Solid earnings growth

In the first half of 2022, Keyera's net earnings jumped 74.43% to \$286.8 million versus the same period in 2021. Cash flow from operating activities and funds from operations increased 72.35% and 22.47% year-over-year, respectively. The total amount of dividend payments for the period was \$212.18 million.

Company President and CEO, Dean Setoguchi, said Keyera is uniquely positioned to benefit from the global drive toward energy security. He expects commodity prices to remain strong due to global supply constraints and continued demand for responsibly-produced energy.

He adds that the fully integrated assets and marketing services are competitive advantages. This combination allows Keyera to efficiently connect customers' NGL production from the wellhead to the highest value end-markets. This setup should maximize customer value, and result in strong, stable returns for shareholders.

Rock-steady dividends

Keyera's fee-for-service infrastructure business should keep monthly dividends and high yields rock-steady and sustainable. Management banks on the marketing segment to fund infrastructure projects and generate record cash flows.

Because of high commodity prices and record iso-octane premiums in Q2 2022, it forecasts the marketing segment's realized margin this year to be between \$380 million and \$410 million. If you're chasing after dividends in Q3 2022 and beyond, Keyera should be number one on your shopping list.

CATEGORY

1. Dividend Stocks
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