



3 Top TSX Energy Stocks That Pay Massive, Growing Dividends

Description

The fundamentals for **TSX [energy stocks](#)** have massively improved over the past year, and that makes them intriguing stocks for dividends. Oil and natural gas prices have soared to prices not seen in many years. That has been a major windfall for Canada's oil and gas sector.

Why TSX energy stocks are the place for dividend growth

There are plenty of reasons to be optimistic about TSX energy stocks. Firstly, many have significantly cleaned up and maximized operations since the pandemic.

Secondly, high energy prices mean these companies are yielding a huge excess of cash. A lot of that spare cash is going to reduce debt to sustainable levels. As a result, balance sheets are in great condition today.

Lastly, most companies are focused on only modest production growth. Global energy supply is constrained (especially due to the Ukraine war), so it is very likely energy prices remain elevated above the norm for the next few years.

Once debt is reduced to long-term sustainable levels, these companies are set to return a huge surplus of cash back to shareholders through [dividends](#), special dividends, and share buybacks. If you want to enjoy this dividend extravaganza, here are three top TSX energy stocks that are quickly growing their dividends today.

The large-cap turnaround stock

You don't have to dip into riskier small-cap energy stocks to find big value today. Even Canada's largest energy producers are cheap. **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), one of Canada's largest integrated energy businesses, only trades with a price-to-earnings multiple of 6.4! Likewise, it is trading with a very attractive 4.47% dividend yield today.

Suncor has faced some operational and safety issues over the past few years. As a result, the stock has underperformed other large TSX energy peers. However, an activist investor has gotten involved. It wants to make money and it has a solid history of unlocking shareholder value.

Suncor just increased its quarterly dividend by 12% to a record \$0.47 per share. Given its strong cash flow profile, investors are likely to see more dividend income coming their way.

A best-in-class TSX energy stock

Another massive TSX energy stock is **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)). It is the premium large-cap energy stock to buy. The fact that its dividend is more than 20 times larger than what it was 20 years ago is a testament to that. Over 20 years, it has compounded its annual dividend rate by over 16% a year.

It just announced excellent [second-quarter results](#). It earned \$3.3 billion in excess cash and announced a special dividend worth \$1.50 per share. That is after a 28% base dividend increase earlier this year. Combine its regular and special dividend, and this stock is earning closer to a 6.3% dividend yield right now!

Huge special dividends

If you like special dividends, then you will really like **Tourmaline Oil** ([TSX:TOU](#)). It is the largest natural gas producer in Canada. It just delivered a record quarter, where free cash flow surged 137% year over year to \$1.35 billion.

Tourmaline also announced a whopping \$2.00-per-share special dividend. That is the third elevated special dividend in 2022 and the fourth since 2021. This TSX energy stock only yields a 1.18% regular dividend today.

However, add in all the extra special dividends, and it is trading closer to an 8.5% yield. Tourmaline has a zero-debt balance sheet, a great management team, and great prospects for more dividends going ahead.

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