3 TSX Stocks With High Dividend Yields

Description

The concern about high inflation, growing interest rates, and an expectation of an economic slowdown have made investors nervous, thus dragging the global equity markets down. Last week, the **S&P/TSX Composite Index** fell by 2%. Amid the growing volatility, it would be prudent to strengthen your portfolio with stocks that pay dividends at higher yields. These stocks are less susceptible to market volatility due to their regular payouts. These companies boost your passive income.

Here are my three top dividend stocks with yields of over 6%.

Extendicare

Extendicare (TSX:EXE) provides care and service to senior Canadian citizens through 108 long-term-care (LTC) homes and retirement communities. The company's revenue and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) increased by 5.3% and 10.3%, respectively, in the recently announced second quarter. Higher occupancy rates at its LTC homes, an increased healthcare billing rate, and growth from other operations drove its financials.

With the aging Canadian population and growing income levels, I expect the demand for Extendicare's services to rise. Amid the growing demand, the company is constructing three homes in Sudbury, Kingston, and Stittsville and redeveloping 20 projects in Ontario, which could drive its growth in the coming years. Meanwhile, to focus on its LTC and home healthcare segments, the company sold its 1,048 retirement living suites in Ontario and Saskatchewan, generating net proceeds of $128 million. By the end of the quarter, the company had $238.1 million of cash and cash equivalents, with an additional undrawn credit facility of $76.7 million. So, its financial position looks healthy.

Considering all these factors, I believe the company's dividend is safe. With a monthly dividend of $0.04/share, its yield stands at a juicy 6.84%, making it an excellent buy.

Keyera

Keyera (TSX:KEY) is a midstream energy company that connects oil and natural gas producers with consumers with a pipeline network. Meanwhile, a substantial percentage of its cash flows are underpinned by fee-for-service and take-or-pay contracts, thus delivering predictable earnings irrespective of the economic outlook. These stable earnings have allowed the company to raise its dividends at a CAGR (compounded annual growth rate) of 7% for the last 14 years. With a monthly dividend of $0.16/share, its forward yield stands at a juicy 6.22%.

Meanwhile, Keyera is progressing with the Key Access Pipeline System, which could become operational in the first quarter of 2023. The company has a solid pipeline of projects, which could become operational over the next three years. So, the company's management is hopeful of growing its adjusted EBITDA at a CAGR of 6-7% through 2025. Its payout ratio is at a healthy 51%, while its liquidity stands at $1.7 billion.

Enbridge

With a long history of paying dividends and a yield of 6.32%, **Enbridge** (TSX:ENB)(NYSE:ENB) is my final pick. The company has been paying dividends uninterrupted since 1955. It has raised its dividend for the last 27 consecutive years at a CAGR of 10%. Meanwhile, the company operates over 40 diversified revenue-generating assets, with around 98% of its adjusted EBITDA underpinned by long-term contracts, thus delivering stable and predictable cash flows.

Amid the reopening of the economies around the world and the sanctions imposed on Russia, the export of liquefied natural gas from North America has increased, driving the demand for Enbridge's services. Meanwhile, the company continues with its $13 billion secured capital program, with already $3 billion of projects put into service this year. With a payout ratio of 65% and liquidity of $6.9 billion, I believe the company's dividend is sustainable.

CATEGORY

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2. TSX:ENB (Enbridge Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:KEY (Keyera Corp.)

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