



2 Market-Beating Dividend Stocks Set for Big Gains in 2023

Description

Dividend stocks have been particularly beaten up in 2022. Even some of the safest utility stocks have fallen further than the broader [TSX Index](#). Most sectors have been hurt this year. However, the one bright light this year has been TSX [energy stocks](#).

Energy stocks are the best place to look for outperformance in 2022

While the **S&P/TSX Composite Index** is down 5.7%, the **S&P/TSX Capped Energy Index** is up over 50% this year. That doesn't include the significant amount of cash that has been returned to shareholders in the form of share buybacks and dividends. Given the drop in supply and serious [geopolitical risk](#), energy prices could remain higher for years ahead.

If you are looking for energy stocks that pay great dividends and are set for strong performance in 2023, here are two of my favourites.

Pembina Pipeline stock: Up 23% and a nice 5.4% dividend

Pembina Pipeline ([TSX:PPL](#)) is a smart way to get exposure to the energy sector, but with limited commodity pricing exposure. This dividend stock is up 23% so far this year.

Pembina operates a network of energy infrastructure assets across Canada and the United States. These include collection and egress pipelines, fractionation plants, midstream facilities, and storage and export terminals.

88% of its earnings are fee-based or contracted. This helps ensure that its dividend is very well protected. The company gets bonus earnings when commodity prices are elevated, and it can earn a spread re-selling the energy products that it processes.

So far, 2022 has been a good year operationally. The company has grown adjusted EBITDA (earnings

before interest, taxes, depreciation, and amortization) by 14.3% to \$2.8 billion over the past nine months. Likewise, it raised its dividend 3.6% after consummating a midstream joint-venture partnership.

Pembina still has excess capacity in its systems, so it has good opportunities to grow at almost no excess cost. Likewise, it has several interesting longer-term growth projects focused on LNG and carbon sequestration.

That bodes very well for 2023. Given this stock pays a 5.4% dividend today, investors get generously paid, while Pembina rolls out these opportunities.

Tourmaline Oil: Up 88% and an 11% cash return

If you don't mind a bit of volatility in a stock, then **Tourmaline Oil** ([TSX:TOU](#)) is a must-own energy stock. This dividend stock is up 82% in 2022. In fact, it is one of the top five performers on the TSX this year. That return doesn't factor in the ample dividends Tourmaline stock has earned.

This stock pays a measly \$0.25 per share quarterly base dividend. With a price of \$74 per share today, that is only a 1.3% dividend yield. However, the company has more than made up for it with four special dividends equal to \$7 per share. All combined, that equals a yield of 11%!

The reason Tourmaline has been so generous is because it is gushing excess cash. The company has one of the best balance sheets in the industry. With very limited debt to service, it can afford to distribute most of its excess earnings to shareholders.

The company expects to grow production by around 6% for the next six years. It has very efficient, low-cost production operations. Even if [natural gas](#) prices declined to an extent, Tourmaline shareholders could still do very well. Management owns a lot of stock, so their interests are aligned with yours for the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PPL (Pembina Pipeline Corporation)
2. TSX:TOU (Tourmaline Oil Corp.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News

9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. robbymbrown

Category

1. Dividend Stocks
2. Investing

Date

2025/07/21

Date Created

2022/12/09

Author

robbymbrown

default watermark

default watermark