

4 Big Dividend-Paying Stocks for 2023

Description

Although the Canadian equity markets have made a bright start to 2023, rising interest rates, high inflation, and geopolitical tensions are causes of concern. So, given the uncertain economic outlook, it is prudent to lock in a stable passive income by investing in high-yielding [dividend stocks](#).

Enbridge

Despite the volatility, Enbridge posted strong performance in 2022, as its results came in at the top end of its guidance. The company placed around \$4 billion of projects into service and sanctioned projects worth \$8 billion. Also, demand growth and higher utilization rates drove its financials, with the company's adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) growing by 10.7% to \$15.5 billion. Distributable cash flows (DCF) grew by 10% to \$11 billion.

Amid solid cash flows, Enbridge raised its quarterly dividend by 3.2% to \$0.8875/share, marking the 28th consecutive year of a dividend hike. Its yield for the next 12 months stands at a juicy 6.69%. Meanwhile, the company is advancing with around \$18 billion of growth and expansion projects, which could boost its financials in the coming quarters. Meanwhile, Enbridge's management has provided optimistic 2023 guidance, with the midpoint of its EBITDA guidance pointing toward 4.5% growth from 2022 levels. So, I believe Enbridge's payouts are safe.

NorthWest Healthcare Properties REIT

The rising interest rates have dampened investors' interest in [REITs](#) (real estate investment trusts). Amid the weakness, **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) has lost around 32% of its stock value compared to its 52-week high. The steep correction has dragged its valuation down to attractive levels, with its price-to-book multiple standing at 0.9.

Meanwhile, NorthWest Healthcare owns and operates healthcare properties across multiple countries. Given its defensive and diversified portfolio, the company enjoys healthy occupancy and collection rates irrespective of the economic outlook. Besides, its long-term lease agreements, government-backed clients and inflation-indexed rent make its cash flows stable and predictable. Amid the recent pullback, the company's dividend yield for the next 12 months has increased to 8.27%, making it an attractive buy.

Pizza Pizza Royalty

With a dividend yield of 6.06%, **Pizza Pizza Royalty** ([TSX:PZA](#)) would be my third pick. Given its highly franchised business model, the company's cash flows are stable compared to its peers. Since the franchisor has relatively low fixed costs, it enjoys higher margins. The company collects royalties based on sales. So, rising prices won't impact its financials.

Pizza Pizza Royalty is focused on opening new restaurants, renovating old restaurants, launching on-trend products, and innovative marketing campaigns to drive growth. These growth initiatives could boost its financials, thus allowing the company to pay dividends at a healthier yield. The pizza franchisor rewards its shareholders with a [monthly dividend](#) of \$0.07/share. Its valuation also looks cheap, with its NTM (next 12 months) [price-to-earnings](#) standing at 15.4.

BCE

Telecommunication companies enjoy healthy cash flows due to their recurring revenue streams, thus allowing them to pay dividends at a higher rate. So, I have chosen **BCE** ([TSX:BCE](#)) as my final pick. The company raised its quarterly dividend by 5.2% earlier this month, marking the 15th consecutive year of over a 5% dividend hike. As of the February 14th closing price, the company's forward yield stands at a juicy 6.33%.

Meanwhile, BCE continues to make capital investments, expanding its broadband and 5G infrastructure. The company hopes to add 650,000 broadband connections this year while increasing the reach of its 5G and 5G+ services. Supported by these growth initiatives, the telecom's management expects its free cash flows to grow by 2–10% this year, making its payouts safe.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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