# Income Seekers: Top 5 Dividend Stocks From Stable Industries

## Description

When buying dividend-paying stocks, we're looking for a good yield that is safe and growing. Stable earnings and cash flows allow companies the ability to continue growing dividends, benefiting shareholders.



Here we look at top companies from a diversified range of industries.

**Top bank**

The top bank title lands on **Royal Bank of Canada** (TSX:RY)(NYSE:RY). It is the biggest of the big five banks with a market capitalization of close to $113 billion. It was one of the first banks in Canada to start increasing its dividend again after freezing it during the financial crisis.

During the past four years, it increased its dividend at a compounded annual growth rate of 11.4%. Today, at $78 per share, it's fairly priced and it yields 4%.

**Top telecom**

The top telecom title goes to **Telus Corporation** (TSX:T)(NYSE:TU)**.** It is the fastest-growing telecom in Canada as well as having the most loyal subscribers.

It continued to hike its dividends even during the financial crisis even though its earnings per share (EPS) dropped 19% in 2009. In 2010, its earnings bounced back 16%, and by 2011, its earnings has more than recovered the drop from 2009.

In the past five years, it hiked its dividend 10.9%. Today, its shares are in the fair value range at under $41 per share with a yield of 4.1%.

**Top utility**

**Canadian Utilities Limited** (TSX:CU) is my top utility. It has a high earnings growth rate of about 7%, and is a relatively cheap utility with a price-to-earnings ratio of 16.5.

At around $35.5 per share, it yields 3.3%. It increased dividends by 10% in each of the last three years. Going forward, I expect it to grow its dividends 7-10% a year.

**Top pipeline**

**Enbridge Inc.** (TSX:ENB)(NYSE:ENB) is my top pipeline. Historically, it has grown at a faster rate than its competitor, **TransCanada Corporation**. Enbridge forecasts to continue growing its EPS at a rate of 10-12% until 2018. Its dividends are expected to continue growing at those rates as well.

At a yield of over 3.3%, assuming it continues growing its dividends at the lower rate of 10% per year, investors can expect to earn a minimum of 33% more income by 2018 from an investment in Enbridge today. That's amazing income growth. When was the last time your boss gave you that kind of raise?

**Top energy company**

Lastly, I'd like to bring your attention to a less-known energy company, **Vermilion Energy Inc.** ( TSX:VET)(NYSE:VET). It is a mid-cap oil and gas producer with global exposure and a focus in Canada, Europe, and Australia.



Historically, it has outperformed its mid-cap peers. Since 2003, it has continued to pay a monthly dividend and has never cut it. At under $55 per share, it yields a nice 4.7% yield.

Vermilion has higher growth potential than large energy companies, but at the same time, it is more financially sound than small cap oil companies.

**In conclusion**

These top five diversified companies serve as a good starting point for a stable dividend growth portfolio. Most importantly, they're all priced fairly and offer a nice yield for income seekers.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

**TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TU (TELUS)
4. NYSE:VET (Vermilion Energy)
5. TSX:CU (Canadian Utilities Limited)
6. TSX:ENB (Enbridge Inc.)

7. TSX:RY (Royal Bank of Canada)
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