Buy Enbridge Inc. and Cineplex Inc. If You Want Dividends

Description

Dividend stocks make a great addition to any portfolio. For starters, the extra income is always helpful. Dividends may suit your portfolio better if your investing style is a little more conservative when it comes to the risk associated with some of the more growth-focused stocks, or if you are nearing retirement.

Finding companies with high-paying dividends is a little like searching for the lost golden city of the Incas for some investors. Everybody is looking for it, nobody can find it, and yet the reward it promises seems to attract more and more people to it.

Fortunately, there are a handful of companies that do pay handsome dividends.

Two such companies that are beating the odds and rewarding shareholders are **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) and **Cineplex Inc.** (TSX:CGX).

Let's take a look at what makes these companies great options for your portfolio.

Enbridge Inc.

Enbridge is a generator, distributor, and transporter of energy. The company operates the largest crude oil and liquids transportation system, and is also Canada's largest natural gas distribution company.

When it comes to dividends, there are few, if any, companies that offer not only the return, but consistency that Enbridge does. The company has paid dividends out for over 60 years consistently, and has made it a habit of increasing that dividend annually since 1996. The current annualized dividend comes out to $1.86 per share, and the company has set a target for the dividend payout at 75-85% of earnings.

If that historical track record isn't enough, the dividend has grown by over 10% annually, and Enbridge is even planning to increase the dividend by 14-16% annually over the next three years.

The stock is currently priced near $51, down over 13% for the year largely due to the decline in oil prices and delays in the company's Line 9 reversal project.

Cineplex Inc.

Cineplex is one of the largest entertainment companies in Canada, operating one of the most modern motion picture circuits worldwide.

In addition to the actual movie theatres, Cineplex locations are unique in that they often include game rooms, restaurants, and a variety of entertainment options beyond what most other competitors offer. Beyond this, the company also has its own loyalty credit card through and agreement with the **Bank of Nova Scotia**

, and provides another source of revenue outside of the brick and mortar locations through online streaming of content from the Cineplex store.

Cineplex pays out a monthly dividend that was recently increased to $0.13 per share, or $1.56 per share annually.

Cineplex is trading just under $46, up approximately 2% for the year. Longer term, the price is up over 100% for the past five years, which should make long-term investors and dividend seekers alike happy.

Analysts have issued a buy rating on Cineplex, with a target price of up to $55.

In my opinion, these two companies are some of the best options available for a dividend-seeking investor. Buying into one or both of these not only ensures you are diversifying your portfolio, but also ensures you are investing in companies that are geared to long-term growth. With the market now in a correction, you may even get these companies and others at a discount.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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