



2 Dividend Aristocrats With +10 Years of Dividend Growth

Description

Investing in dividend-growth stocks is one of the most powerful and time-proven strategies to build wealth.

With this in mind, let's take a closer look at two dividend-growth stars that you could add to your portfolio today.

Emera Inc.

Emera Inc. ([TSX:EMA](#)) is a geographically diverse energy and services company with operations across Canada, the United States, and the Caribbean. It invests in electric generation, transmission, and distribution, gas transmission and distribution, and utility energy services. Its subsidiaries include Tampa Electric, Nova Scotia Power, Peoples Gas, Barbados Light & Power, Grand Bahama Power Company, Dominica Electricity Services, and Emera Maine.

Emera currently pays a quarterly dividend of \$0.5225 per share, representing \$2.09 per share on an annualized basis, and this gives its stock a juicy 4.6% yield at today's levels.

A 4.6% yield may seem like reason enough to throw Emera on your shopping list, and the fact that it's one of the energy industry's best dividend-growth plays should put it near the top. It has raised its annual dividend payment each of the last 10 years, including a compound annual growth rate of approximately 8.7% over the last five years, and its 10% hike in July has it positioned for 2017 to mark the 11th consecutive year with an increase.

Emera's dividend-growth is nowhere close to being over either. It has a target 8% annual dividend-growth rate through 2020, and I think its very strong financial performance, including its 22.6% year-over-year increase in adjusted earnings per share to \$2.77 in 2016, and its acquisition of TECO Energy, which closed in July and provided Emera with a new strategic growth platform, will allow it to achieve this growth target and extend it well beyond 2020.

Cogeco Communications Inc.

Cogeco Communications Inc. ([TSX:CCA](#)) is the parent company of Cogeco Connexion, Atlantic Broadband, and Cogeco Peer 1. Cogeco Connexion is the second-largest cable operator in Ontario and Quebec with 749,000 customers, Atlantic Broadband is the ninth-largest cable operator in the United States with 258,000 customers, and Cogeco Peer 1 is one of the leading providers of information and communications technology services to businesses in Canada, the United States, and Europe with 16 data centres and more than 50 points of presence in North America and Europe.

Cogeco currently pays a quarterly dividend of \$0.43 per share, representing \$1.72 per share on an annualized basis, giving its stock a yield of about 2.3% at today's levels.

A 2.3% yield may not seem like much, but Cogeco's dividend growth more than makes up for it. It has raised its annual dividend payment each of its last 12 fiscal years, including a compound annual growth rate of about 17% since fiscal 2010, and its 10.3% hike in November has it on pace for fiscal 2017 to mark the 13th consecutive year with an increase.

Cogeco's dividend-growth potential is promising going forward too. I think its very strong growth of free cash flow, including its projected 23-34% growth in fiscal 2017 as a result of lower capital expenditures and income taxes, and its very conservative payout ratio, including its estimated 24% payout of its free cash flow in fiscal 2017, will allow its streak of annual dividend increases to continue through fiscal 2025 at the very least.

Is one a better bet today?

I think both Emera and Cogeco Communications represent very attractive long-term investment opportunities, but if I had to choose just one for my portfolio today, I'd go with Emera, because it has a much higher yield and a defined dividend-growth target.

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2. Investing

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2. TSX:EMA (Emera Incorporated)

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