

2 Proven Dividend-Growth Kings: Will They Increase Payouts Again Beyond 2017?

Description

Investors in **Inter Pipeline Ltd.** (TSX:IPL) and **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) have witnessed sustained increases in declared dividend payouts over the past three years since January 2014. This has been great news for income investors and a huge plus for portfolio liquidity overall. Investors are likely to witness further dividend growth this year.

Inter Pipeline Ltd.

Inter Pipeline Ltd. (IPL) is a major petroleum transportation, storage, and natural gas liquids-processing business based in Alberta, Canada. IPL has four business segments operating in western Canada and Europe and has a diversified asset portfolio which has been proven to generate long-term and predictable cash flows, providing shareholders with a stable source of monthly cash dividends.

The dividend-growth giant has a culture of increasing dividend payouts by November every year. At the current share price of \$28.64, the recently declared \$0.135 February dividend yields a good 5.66% annually.

Over the past three years, IPL has increased the dividend payout consistently.

The company announced a 3.8% increase in the dividend per share from \$0.13 for October 2016 to \$0.135 for November 2016 going forward. Previously, IPL increased the dividend by 6.12% in November 2015. The company also increased the monthly dividend by a whopping 13.95% in November 2014.

Investors have therefore witnessed a good 7.89% year-on-year compound annual growth rate in dividends since 2014 and a total increase of 25.58% in dividend per share since 2014.

Going forward, the company seems very well positioned to grow in profitability and free cash flow.

The company's purchase of **Williams's** Canadian Natural Gas Liquids (NGL) assets in August 2016 was a well-timed and well-priced deal that has presented IPL with new, higher-margin growth opportunities.

Furthermore, future dividends seem secure as fee-based and cost-of-service cash flow alone can support future dividend payouts. Investors enjoy a stable and secure income, and the investment has the potential for excellent capital appreciation should the propane price recovery continue.

Another IPL dividend increase by November 2017 is very likely.

Algonquin Power & Utilities Corp.

Algonquin is a growing renewable energy and utility company with assets across North America. It has

two operating subsidiaries: Algonquin Power Company and Liberty Utilities. The company is a diversified utility that provides rate-regulated natural gas, water, and electricity generation, transmission, and distribution services to nearly 800,000 customers in the United States.

The company's recently declared quarterly dividend of US\$0.117 currently yields 5.23% annually. The payout has already been hiked by 10.48% from the US\$0.1059 per share paid in Q4 2016.

Algonquin has a tendency of increasing the dividend paid every year. It has been hiking payouts by an average of 10% each year since 2015.

Furthermore, the company changed the dividend payment currency in 2014 from Canadian dollars to American dollars. The change from a CAD\$0.0850 to a US\$0.0875 dividend paid in Q4 2014 represented a 12.24% increase if converted at the CAD/USD exchange rate of 1.0898 on the August 14, 2014, declaration date.

Most noteworthy, Algonquin's dividend is up 79.33% from its Q1 2014 rate of \$0.0850 to its Q1 2017 rate of US\$0.1165 at today's exchange rate of CAD/USD of 1.3084.

Going forward, the company is likely to continue increasing dividend payouts in the near future.

The recent acquisition of Empire District Electric has more than doubled Algonquin's generation capacity across 45 utilities and brought about further investment growth opportunities. Cash flows are set to further improve, and profitability is set to rise into 2020.

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