

## 2 Attractive Dividend Stocks Whose Dividends Could Double

### Description

When you want predictable growth in your dividends, it's better to stick with companies that can confidently predict growth in their payouts.

Energy infrastructure operators often fall in this category because their revenue streams are often based on long-term fee-based contracts. For future growth, they can also estimate the potential of income generation and tell their investors how much dividend-growth they can generate from the new projects they're undertaking.

**TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) are my top picks for investors who are looking to double their dividend income in a few years.

Let's find out why these companies are the leaders when it comes to dividend growth.

#### TransCanada

TransCanada has increased its dividend payout for 17 consecutive years. And since 2010, the company's yearly dividend has almost doubled to \$2.50 a share from \$1.60 per share.

You can expect this North American leader in energy infrastructure, which runs natural gas and liquids pipelines and power-generation and gas-storage facilities, to double its dividend in the next few years. Here is why.

While announcing its five-year growth plan in 2015, TransCanada unveiled a plan to undertake \$13 billion short-term growth projects. It also informed investors that it has an inventory of \$35 billion of commercially secured long-term projects. Those investments positioned the company to deliver 8-10% average annual dividend growth through 2020 — up from the 7% compound annual growth rate it's produced since 2000.

With an annual dividend yield of 4%, TransCanada stock has also provided massive capital gains, climbing ~42% since early last year.

#### Enbridge

Enbridge is another top dividend-growth stock in Canada. The company generates a lot of cash by serving millions of customers in Canada and the U.S. It also runs the largest oil and gas pipeline network in North America, making hefty margins to transport energy products.

Offering 4.87% annual dividend yield based on its today's price, Enbridge has over 20 years of history of increasing dividends. The company plans to continue with this practice, targeting 10-12% annualized growth in dividends through 2024.

That means investors can expect their current yearly dividend of \$1.80 a share to double by 2024 if the

company is able to make good on its forecast.

I think this target is quite achievable, given Enbridge's conservative payout ratio. It spends about half of its free cash flows in dividends, while invests the other half in future growth.

Since its acquisition of Spectra Energy this year, Enbridge now has \$26 billion secured projects in execution and another \$48 billion of projects under development, allowing the company to extend its annual dividend growth through 2024.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

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