

2 Proven Dividend-Growth Stocks With Rewarding Returns

Description

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#)) and **Alimentation Couche-Tard Inc.** (TSX:ATD.B) have been incredible investments.

Outperforming the market

Since 2009, an investment in [Brookfield Infrastructure](#) has delivered more than 21% per year on average, while an investment in Couche-Tard has delivered nearly 30% per year on average. In the same period, the U.S. market, using the **S&P 500** as a proxy, has delivered about 13% per year.

Dividend offers immediate value

Brookfield Infrastructure offers an above-average distribution yield of 4.8% for starters. The safe distribution is covered by a payout ratio of about 65%, so there's ample cash flow to reinvest in the business.

Since 2009, Brookfield Infrastructure's distribution per unit has increased by 166%, or 11.5% per year. Going forward, management aims to increase its distribution per unit by 5-9% per year.

Although Couche-Tard offers a small dividend yield of less than 0.7%, it has boosted its dividend at an amazing rate. Since 2009, Couche-Tard has increased its dividend by 620%, or 24.5% per year. So, investors can double their dividends in a short time from an investment in Couche-Tard.



The businesses

Brookfield Infrastructure has been amassing a diversified portfolio of quality infrastructure assets from around the world, such as toll roads, railroads, telecom towers, ports, and natural gas pipelines — all of which generate stable cash flows to support its dividend.

Couche-Tard is a convenience store leader with strong positions in North America and certain parts of

Europe. It offers road transportation fuel at most of these locations. It has stores under licensing agreements in 14 other countries and territories. Couche-Tard has more than 10,000 stores in North America, more than 2,750 stores in Europe, and about 1,800 licensed stores internationally.

How do they grow?

Brookfield Infrastructure is a value investor. It's in a great position to invest in industries and geographies where capital is scarce and get fabulous value out of its investments. About 75% of its cash flows are indexed to inflation.

Couche-Tard has been doing a marvelous job by growing via mergers and acquisitions and getting synergies from them. Its return on equity has been over 20% every year since 2010, while its return on assets have been over 7%.

Couche-Tard has been digesting the CST acquisition, which it acquired in August 2016. Management estimated there will be \$150-200 million of synergies in the first three years. So far, the company has achieved a run rate of \$84 million. Couche-Tard is well positioned to continue growing in North America as well as Europe and Asia.

Investor takeaway

Both Brookfield Infrastructure and Couche-Tard are trading at good valuations today for investors looking for safety, income, dividend growth, and price appreciation.

CATEGORY

1. Dividend Stocks
2. Investing

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