



## 3 Dividend-Growth Stocks to Consider Right Now

### Description

Once in a while, the stock market gives savvy investors an opportunity to pick up top-quality [dividend stocks](#) at reasonable prices.

Let's take a look at three Canadian companies that might be interesting picks today.

#### **Innergex** ([TSX:INE](#))

Innergex owns and operates renewable energy assets, including wind farms, solar farms, hydroelectric facilities, and geothermal plants.

The company has an aggressive acquisition track record, and that trend continues. Innergex recently bought a 260 MW solar site in Ohio and just closed its acquisition of the Cartier Wind Farms in Quebec.

Earlier this year, Innergex bought Alterra Power in a \$1.1 billion deal that cemented the company's position as Canada's largest independent renewable energy firm and opened significant growth opportunities in the United States and other markets.

Innergex recently raised its monthly dividend from \$0.165 to \$0.17 per share. That's good for an annualized yield of 5.4%. The stock has bounced about 5% in the past month from \$12 to \$12.60 after a slide from the August high of \$14 per share.

Free cash flow through the first half of 2018 rose to \$91.5 million from \$75.9 million in the same period in 2017. The payout ratio dropped from 93% to 88%, so things are moving in the right direction.

Ongoing developments and additional acquisitions should continue to support cash flow growth in the coming years.

#### **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin Power is a diversified utility with \$10 billion in natural gas and water distribution, power generation, and electric transmission assets primarily located in the United States serving 750,000

customers.

Similar to Innergex, Algonquin Power has grown significantly through acquisitions, and the trend is expected to continue as the renewable energy sector goes through a period of consolidation.

Management is doing a good job of targeting strategic opportunities that fit well into the portfolio, but Algonquin Power is also pursuing organic developments, primarily in the wind and solar segments.

The company raised the dividend by 10% this summer, and the current payout provides a [yield](#) of 5.4%.

Algonquin Power has picked up a nice tailwind in the past month, and that could continue into 2019.

### **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#))

Pembina Pipeline is a Canadian midstream energy infrastructure company with assets that include pipelines, gathering and processing facilities, and logistics businesses.

A \$10 billion increase in assets due to the 2017 acquisition of Veresen is driving cash flow and earnings higher. The company recently upgraded its 2018 adjusted EBITDA guidance.

Pembina Pipeline has \$3.1 billion of development projects underway that should generate additional annual EBITDA of \$300-450 million per year.

The company raised the dividend by 5.6% in May. The current monthly payout of \$0.19 per share provides a yield of 5%.

### **The bottom line**

Innergex, Algonquin Power, and Pembina Pipeline all have strong growth outlooks that should drive revenue and cash flow higher and support continued dividend increases.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:INE (Innergex Renewable Energy)
5. TSX:PPL (Pembina Pipeline Corporation)

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