3 Top Canadian Stocks That Just Raised Their Dividends by 10-18%

Description

The TSX Index is full of great stocks with strong track records of dividend growth.

Let's take a look at three companies that just gave investors a big raise and should continue to deliver strong returns through rising payouts and capital gains.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge raised its dividend by 10% for 2019 and already told investors to expect a similar increase next year. This isn't a surprise, as the company has hiked the payout every year for more than two decades.

Cash flow growth in the near term should come from the $22 billion development portfolio that is currently underway. As the new assets are completed, Enbridge should see revenue rise to support the higher distributions.

Management has done a good job in the past 12 months of turning the company around. Enbridge already found buyers for nearly 80% of the $10 billion in non-core assets it identified during a strategic review. In addition, the company brought a number of subsidiaries in house to simplify the corporate structure.

The stock has recovered from the 2018 low around $38 and currently trades at $48 per share but is still well off the 2015 high of $65. Big pipeline projects are tough to build these days, but Enbridge should have significant smaller opportunities throughout the existing operations and additional strategic acquisitions could be on the radar as the energy infrastructure industry consolidates.

Investors who buy today can pick up a yield of 6%.

Suncor (TSX:SU)(NYSE:SU)

Suncor just reported Q4 2018 results that showed how tough the rout in the Canadian energy sector was through the end of the year. Fortunately, the situation has improved, and based on the full-year 2018 results and management's outlook, it might be a good time to buy the stock.

Suncor completed two major projects in the past 12 months, and those are supporting solid production growth. The company's downstream operations, which include refineries and about 1,500 Petro-Canada retail outlets, do a good job of balancing out the revenue stream when oil prices slip.

A strong balance sheet enables Suncor to scoop up attractive assets when they go on sale, and the solid cash flow is supporting steady dividend growth. The company just bumped the quarterly payment from $0.36 to $0.42 per share. That's a boost of nearly 17%.

The shares are moving higher after reports came out that **Berkshire Hathaway** recently bought the stock. Suncor still appears oversold, despite the bounce, and offers yield of 3.7%.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN just signed a deal with Alberta to help the province get its landlocked oil to higher-priced markets in the United States. Demand for crude-by-rail shipments are on the rise, and CN is the only rail company in North America with tracks that connect three coasts.

Overall, the strong U.S. and Canadian economies bode well for CN, and the company continues to invest heavily in new locomotives and network upgrades to make sure it keeps up with demand and can compete with trucks and other rail carriers.

CN has a large share-buyback program in place and just increased the dividend by 18% for 2019. If you want a stock you can simply buy and forget for decades, CN is about as good as it gets.

The bottom line

Enbridge, Suncor, and CN are all leaders in their respective industries and should be solid picks for a dividend-focused portfolio.

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Date
2025/07/23
Date Created
2019/02/21
Author
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