



## Get a Lifetime of Passive Income With Canada's Top Dividend Growth Stock

### Description

Although the pickings are a little slim when compared with the United States, there are still dozens of good dividend growth stocks in Canada.

There are approximately 70 different stocks on the Canadian Dividend Aristocrats list, although that number is a tad misleading. To make the list, a company must have increased its dividends at least five years in a row. But it can keep the dividend the same for up to two years and remain on the list. Compare that to the much stricter U.S. Dividend Aristocrats list, which only includes companies that have hiked their annual dividends each year for 25 consecutive years.

If we apply those stringent rules to Canadian companies, the list gets a whole lot smaller. It shrinks to a mere two companies — **Fortis** and **Canadian Utilities Ltd.** ([TSX:CU](#)).

Both these enterprises have impressive dividend growth rates, but Canadian Utilities gets the nod for the longest dividend growth streak among publicly traded companies. The Alberta-based owner of power plants, electric infrastructure, and natural gas pipelines has increased its dividend each and every year since 1972. That's a 47-year streak, as the company has already announced a raise in 2019. Shares currently yield 4.5%.

The dividend isn't the only reason to load up on Canadian Utilities shares today. Let's take a closer look at the company and why it's poised to deliver dividend raises for the next 47 years.

### A boring predictable business

Some investors loathe the utility sector simply because it's a boring, low-growth business. They'd much rather put their capital into a [growth stock with big upside potential](#).

But there's nothing boring about investing in a sector every Canadian needs in order to live. Imagine facing the harsh winter without electricity or natural gas. Even going without utilities in the summer would be no picnic. Now that's the kind of customer loyalty I like.

Besides, Canadian Utilities still has plenty of growth potential. It plans to spend \$3.6 billion on various expansion projects between now and 2021, which is enough to grow its rate base by approximately 4% a year.

Combine that with price increases — the Alberta power market looks much more robust now versus 2017 — and the company is poised to deliver solid growth going forward. And remember, its massive \$1.6 billion Alberta Powerline project came online in March, some three months ahead of schedule. That'll bode well for future earnings.

All these growth projects were stretching the balance sheet a little, so management did the logical thing and sold most of the company's legacy power plants, including all the coal and most of the natural-gas fired units. This not only gets debt under control, but it also avoids the costly process of converting these reactors from coal-fired to natural gas-fired.

Once completed, the deal should net the company \$835 million.

Canadian Utilities isn't just an Albertan company. It owns power plants in both Mexico and Australia, as well as a natural gas utility in Australia. Look for the company to make more international acquisitions, especially now it has a little balance sheet flexibility. This is an excellent growth path.

Indeed recent earnings show that these moves are paying off. Adjusted earnings rose from \$180 million in the first quarter last year to \$200 million in the same quarter this year. Analysts predict that earnings will come in at \$2.14 per share in 2019, putting the stock at approximately 17 times forward earnings. That's a fair price for the stock. Investors missed out on a deal less than a year ago when [the stock traded below \\$32 per share](#).

## The bottom line

Canadian Utilities is an excellent company, one I own for the long-term. I don't like paying power distribution charges, but ever since I bought shares in the power company it doesn't hurt quite as bad.

You won't find a better dividend investment. So what are you waiting for? Load up on Canada's dividend growth king today.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

### PARTNER-FEEDS

1. Msn
2. Newscred

3. Sharewise
4. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**

2025/07/20

**Date Created**

2019/06/21

**Author**

nelsonpsmith

default watermark

default watermark