3 Top Dividend-Growth Stocks for 2020

Description

Hi, Fools. I'm back to highlight three top dividend-growth stocks. As a quick reminder, I do this because businesses with consistently increasing dividend payouts

- can guard against the harmful effects of inflation by providing a rising income stream; and
- tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 3.7%. Thus, if you spread them out evenly in an average $250K RRSP account, the group will provide you with a growing $9,250 annual income stream. And it's all completely passive.

So, if you're looking to boost your income in 2020, this is probably a good place to start.

Fresh opportunity

Leading things off is supermarket operator **Metro** (TSX:MRU), which has delivered 25 consecutive years of dividend growth.

Metro's cost advantages, impressive scale (more than 600 food stores and 650 drugstores), and well-known banners (Metro, Food Basics, Jean Coutu) should continue to support strong dividend growth for many years to come. In the most recent quarter, EPS of $0.90 topped estimates by $0.21 as revenue climbed 13% to $5.2 billion.

"We're very pleased with our third-quarter results as our key performance indicators all showed progress," said CEO Eric La Fleche. "We're confident that our sustained investments and customer-focused strategies will enable us to reach our long-term growth objectives."

Metro shares currently offer a decent dividend yield of 1.4%.

Win with Finning

With an impressive dividend-growth streak of 17 years, heavy equipment company **Finning International** (TSX:FTT) is next up on our list.

Finning's reliable dividend growth is underpinned by strong scale (it's the world's largest Caterpillar dealer), geographic reach (Canada, U.K./Ireland, and South America), and high-quality management team. In the most recent quarter, EPS of $0.54 topped estimates by $0.18 as revenue jumped 24% to $2.1 billion.

"Our strong second-quarter results reflect continued focus on managing our cost base, improving the velocity of our supply chain, and leveraging digital technologies to support our customers with their productivity goals," said CEO Scott Thomson.

Finning shares are down 7% so far in 2019 and currently offer a healthy dividend yield of 3.8%.

The whole package

Rounding out our list is packaging company **Transcontinental** (TSX:TCL.A), which has delivered 17 straight years of dividend increases.

Transcontinental's highly stable payout growth continues to be backed by a diversified revenue stream (Packaging, Printing, and Media) and rock-solid cash flows. In the most recent quarter, the company's operating earnings popped 43% even as revenue slipped 4% to $729 million.

More important, operating cash flows improved 17% to an impressive $90 million.

"I am satisfied with the synergies achieved to date from the integration of Coveris Americas and their impact on our profitability in the Packaging Sector," said CEO Francois Olivier. "We are building solid foundations for the future growth of the company, in particular by signing long-term contracts with major customers."

Transcontinental shares are down 22% in 2019 and offer a solid yield of 5.9%.

The bottom line

There you have it, Fools: three solid dividend-growth stocks worth checking out.

As always, they aren't formal recommendations. They're simply a starting point for more research. The breaking of a dividend-growth streak can be especially painful, so plenty of due diligence is still required.

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