3 TSX Dividend Stocks That Could Raise Their Payouts in 2020

Description

2019 is soon coming to a close, and stocks are doing surprisingly well.

Despite recession worries that persisted all year, U.S. and Canadian markets have been setting record highs. Driven by strong jobs data and a rate cut in the states, investor sentiment has dramatically improved in recent months.

In such an environment, you might be surprised to find quality dividend stocks to buy. After all, the higher any stock goes, the lower its dividend yield becomes (unless there is a corresponding dividend hike).

However, in the past few years, many TSX stocks have been raising their dividends. One effect of this has been for yields to keep pace with share price increases. Nobody can tell for certain whether the past few years' trend of higher dividends will continue. However, the following three individual stocks have good prospects for dividend increases in 2020.

Enbridge

Enbridge is Canada's largest pipeline company, with over 17,000 miles of pipe serving market across North America.

The company has a number of new projects that are facing delays but has nevertheless managed to grow with its existing infrastructure. From 2015 to 2018, the company increased its earnings from $250 million to $2.8 billion.

As a pipeline company, Enbridge does not depend on strong oil prices as much as extraction companies do. So, it's no surprise that it has managed to grow in this period, when oil and gas in general has been stagnating.

Enbridge has increased its dividend by a staggering 17% a year on average over the last five years. If Alberta oil curtailments cease and the company's Line III replacement goes ahead, we can expect further dividend increases from Enbridge.

Kirkland Lake Gold

Kirkland Lake Gold is one of Canada's most profitable gold mining companies and also one of the fastest growing.

In its most recent quarter, the company *tripled* its net income while also posting solid growth figures for metrics like operating cash flow, free cash flow, and revenue.

In the past year, Kirkland increased its gold production dramatically while prices were surging. The two factors combined led to an explosion in earnings that powered a 50% dividend hike. If gold prices continue their gains in 2020, then we can expect more dividend hikes from KL. However, even if gold stays roughly flat, we could see dividend increases driven by nothing other than the company's increasing production.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of the most reliable dividend payers on the TSX — a utility stock that has raised its payout every year for 46 years.

As a regulated utility, Fortis has the power to bring in steady revenue in good economic times and bad.

Not only that, but the company is focused on delivering more value to shareholders in the future. The company is currently embarking on a five-year, $18.3 billion capital-expenditure program that will replace aging infrastructure and increase service area. According to management, these upgrades will add to Fortis's rate base. Fortis also recently scored an LNG supply contract with China, the first of its kind in Canada.

Fortis's management says that it's targeting 6% annual dividend increases for the next five years, and if the company's investments pay off, it will be able to do that without stretching its payout ratio.

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