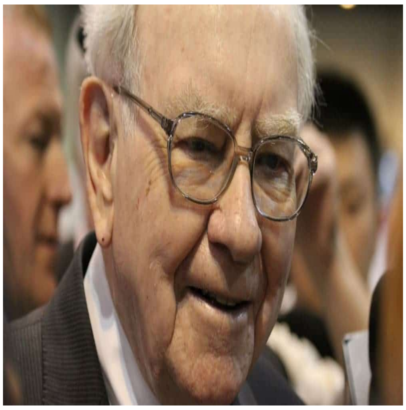

Millennials: 2 Warren Buffett Dividend Stocks Yielding Up to 4%

Description

If you're following Warren Buffett's investment philosophy, one of his top five investing tips is that "dividends are your friends." Although Buffett's conglomerate **Berkshire Hathaway** doesn't pay dividends, the value investor-at-heart loves them.

Dividends are great perks that companies offer to attract investors. It indicates that a company is in good financial shape to support paying out dividends.

Buffett's exceptions

Warren Buffett invests in U.S. companies only. However, he has two exceptions, and both are Canadian dividend-paying stocks. **Suncor** (TSX:SU)(NYSE:SU) and **Restaurant Brands** (TSX:QSR)(NYSE:QSR) are two of the 48 equity holdings of Berkshire Hathaway.

He sees great value in energy and fast-food stocks. Most notably, Buffett's holdings are dividend growers. **Coca-Cola**, one of his oldest holdings, has been paying dividends for 50 consecutive years.

Buffett knows that there's an excellent chance that the total amount of dividends from Suncor and Restaurant Brands will surpass what he paid for the stocks. Over the long term, both companies will deliver high returns on investment.

Outstanding energy stock

Outstanding is an understatement if you want to describe Suncor. This $63.53 billion company is one of the largest oil-and-gas companies in Canada. Further, the energy stock is among the Canadian Dividend Aristocrats because of its 17 consecutive years of dividend payouts.

With the 4.06% dividend it pays today, your investment can double in little less than 18 years. Buffett likes companies with a long history of paying dividends. In Suncor, the yield could even increase over time.

While the stock has a gain of just 12.86% so far this year, the performance is reasonably stable. Analysts are projecting the price to climb by 16.67% in the next 12 months.

The forecast is certainly possible, as Suncor expects a 5% increase (between 800,000 and 840,000 barrels of oil equivalent per day) in oil production in 2020.

The company also expects capital spending of between $5.4 billion and $6.0 billion next year. This capital increase is associated with projects in the pipeline that will allow Suncor to hit its target of $2 billion of incremental free funds flow by 2023.

Getting stronger

Analysts are also bullish on Restaurant Brands. The forecast is a price appreciation from $86.55 to $106 or a potential capital gain of 22.47% in the next 12 months. Factor in the stock's 3% dividend and the overall return is fairly decent.

Restaurant Brands is shaking the fast-food industry. Burger King is spreading the holiday cheer with the new Winter Whopperland Instant Win Game and Sweepstakes — about $1 million worth of prizes will be given away.

Popeyes' expansion into the chicken sandwich category last August was a huge success. The company shelved TV commercials in favour of a more organic growth strategy.

With zero TV advertising and marketing via digital channels, it was the most successful product launch for Popeyes in six years.

Tim Hortons is shifting away from short-term opportunities and focusing on long-term initiatives. The goal is to build consistent sales to match the resounding performances of its sister chains.

Dividends are your friends

Millennials should heed the tip about dividends. Suncor and Restaurant Brands are not only reliable income-providers, but also value stocks in the books of Warren Buffett.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
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