



TFSA Investors: 2 Dividend-Growth Kings Ready to Rise in 2020!

Description

Dividend stocks are the gift that keeps on giving — doubly so if the payout increases over time.

When you have a high-yield stock whose payout is growing, the future income potential is unlimited. In the 1980s, Warren Buffett built a massive position in **Coca Cola** stock for an average price of \$2.50 per share. Today, each of those shares pay \$1.56 in dividends, resulting in a 62% yield on cost.

Not all dividend-growth stocks will produce those kinds of results, but many will. When you find one that's likely to, buying it is a no-brainer. The following are two Canadian dividend stocks whose payouts are rising fast enough to produce truly extraordinary yields in the future.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is Canada's largest pipeline company. It ships over three million barrels of petrochemicals a day to markets in the U.S. and Canada. As far as Canadian dividend stocks go, it's a tough one to beat. Not only does Enbridge [yield 6% today](#), but it also has a compound annual dividend-growth rate of 12% over the past 20 years. This year, management raised the payout by 10%, adding to a long history of dividend increases.

What's more, Enbridge has plenty of room to grow.

The company has two major infrastructure upgrades in the works that could increase its transportation capacity significantly. The Line III replacement will replace aging 34-inch pipes with new 36-inch ones, while the Line V tunnel upgrade will enhance the existing pipeline infrastructure going through Michigan. Together, these projects will add to Enbridge's transportation capacity, which could lead to higher earnings in the future.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is Canada's top convenience store company. It has a

massive presence in Canada, along with a growing footprint in the U.S. and Europe.

The company's most familiar brand is Circle K. It's a chain of convenience stores that rapidly swept across Canada over the past decade, taking over what were previously Irving stores. The chain also has a commanding market share in the gas station convenience store market in the United States.

Thanks to its aggressive expansion, Alimentation Couche-Tard has been a phenomenal growth success, routinely increasing its earnings by 20% or more year over year. In its most recent quarter, the company's earnings increased by 24.4% compared to the prior-year quarter. That's heady growth, and if the company keeps expanding at the rate it has been, it could continue. Moreover, all this growth has not resulted in a ridiculous level of debt: ATD.B's debt-to-equity ratio is a mere 0.95.

What all this points to is a growing company with plenty of room to grow even more. So, it should come as no surprise that ATD.B has a phenomenal dividend-growth track record: over the past 12 years, its [payout has increased by 29% a year!](#) Although this stock's yield is quite low, the dividend growth could result in a much higher yield on cost a few years down the line. It's definitely one to consider for any portfolio that looks to balance income and growth.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:ENB (Enbridge Inc.)

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