3 TSX Dividend-Growth Stocks to Buy Now

Description

Hello, 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 about 4%. So, if you're looking to add a big of chunk of growing income to your portfolio in 2020 (that the CRA can't touch), this trio of stocks might be perfect for your TFSA.

Ringing endorsement

With dividend growth of 27% over the past five years, telecom gorilla **BCE** (TSX:BCE)(NYSE:BCE) leads off our list.

BCE's consistently rising dividend is backed by a highly regulated operating environment, massive scale, and stable cash flows. In the most recent quarter, earnings increased 12.6%, as revenue clocked in at $6.3 billion.

Moreover, operating cash flow increased 17%, while free cash flow came in at an impressive $894 million.

"These results underscore that Bell is well positioned to lead the way as we take Canadian communications into the next generation with all-fibre broadband and mobile 5G services," said CEO George Cope.

BCE shares are up about 12% over the past year and offer a rather juicy dividend yield of 5.2%.

Fresh opportunity

Next up, we have supermarket operator **Metro** (TSX:MRU), which has nearly doubled its dividend over the past five years.

Metro's cost advantages, massive scale (more than 600 food stores and 650 drugstores), and popular banners (Metro, Food Basics, Jean Coutu) should continue to support strong long-term dividend growth. In the most recent quarter, adjusted earnings improved 5% to $181 million.

More importantly, gross margin expanded 20 basis points to 19.6%, while same-store food sales increased 1.4%, suggesting that Metro's competitive position remains strong.

"Our business is well diversified and we are confident in our ability to grow by focusing on our customer's needs and continuing to invest in our retail network and supply chain," said CEO Eric La Fleche.

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

The whole package

Rounding out our list is packaging company **Transcontinental** (TSX:TCL.A), which has delivered dividend growth of 34% over the past five years.

The company's highly stable payout growth continues to be underpinned by a diversified revenue stream (Packaging, Printing, and Media) and robust cash flows. In the most recent quarter, EPS clocked in at $0.80 on revenue of $779 million.

More importantly, operating cash flows jumped an impressive 38% to $432 million.

"In only two years, we grew our revenues by 50% to reach more than $3 billion in 2019, a first in our company's history," said CEO Francois Olivier. "We executed on our growth strategy and rigorously managed risk. I am very pleased with our company's evolution in positioning us to create long-term value."

Transcontinental shares offer a rather juicy dividend yield of 5.4%.

The bottom line

There you have it, Fools: three top dividend-growth stocks for 2020.

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.

Fool on.

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