These 2 Stocks Could Actually BOOST Their Dividends in 2020!

Description

2020 is going to be a difficult year for investors. The economy seems likely to be shut down for the next few weeks, if not months. Until then, consumers are locked at home and capital markets are seizing up, putting dividend-paying companies in a tight spot.

I don't mean to be grim, but investors should probably prepare for plenty of pain ahead. Some companies will cut their dividends or even declare bankruptcy in 2020. Whether you're seeking growth or income through your investments, this crash is likely to take a significant bite out of your long-term forecasts for wealth creation.

However, not all sectors of the economy are in terminal decline. Some are actually holding up well or even benefiting from the current shutdown. Here's a look at two robust Canadian dividend stocks that could actually *boost* their dividends this year.

Utility dividends

Even during a global pandemic and unprecedented economic crisis, utility companies like **Fortis Inc.** (TSX:FTS)(NYSE:FTS) are unlikely to see a major dip in sales. Of course, electricity use at commercial properties could dip over the next few months, but that could be cushioned by households using more during their self-isolation phase.

Not to mention the fact that the government has recently announced a $83 billion stimulus package to support the economy. Putting money in people's hands and suspending student loan interest payments for a while will make it easier for them to pay their utility bills for the rest of the year.

Fortis is also in a financially strong position to weather this economic crisis. It doesn't need to raise funds by issuing shares. Long-term debt is a mere 15% more than the value of the company's equity (which is reasonable for a utility company).

Profit margins were roughly 20% and the dividend payout ratio was a conservative 48.3% before the crisis. In my view, investors could reasonably expect a dividend boost this year from Fortis.

Enterprise software dividends

There are two reasons I'm bullish on enterprise software companies: enterprise contracts are usually for multiple years and companies are relying on digital tools more than ever as their teams work from home.

In fact, the number of companies using enterprise software, such as **Open Text**'s (TSX:OTEX)(NASDAQ:OTEX), could actually jump as more companies find they need content management tools during this shutdown. Many of Open Text's biggest clients at the moment are robust multinationals like British Gas or state authorities such as the Government of Canada. So sales shouldn't dip too much this year, if at all.

Considering the company's low dividend payout ratio (55.83%) and high cash balance ($675 million), I believe the company is in good shape to survive this crisis. If profit margins and client numbers are steady, I wouldn't be surprised if the company actually *raised* its dividend this year.

Bottom line

It's going to be a tough year for capital markets across the world. However, some industries and companies should pull through this crisis with their balance sheets intact and perhaps even solid profits, which could lead to higher dividends for patient shareholders.

Hang in there!

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