2 TSX Dividend Stocks to Buy and Hold for 2020 and Beyond

Description

As data and economic scenarios change daily, there is only one certainty in the market: volatility. It is a challenge to pick stocks that have upside in a market like this. Investors would rather settle for an assured dividend and a stable stock price if upside seems uncertain.

Energy infrastructure stocks tend to fulfill these dual goals. These companies have an assured stream of revenues from regulated businesses, and as demand is more or less stable, stock prices don't tend to fluctuate too much.

An energy infrastructure company on the TSX

AltaGas (TSX:ALA) is one of the most promising energy infrastructure companies with a focus on clean energy. It reported its second-quarter results recently, and the numbers were strong. Net income was $21 million compared to $41 million in the second quarter of 2019.

While net income might have fallen compared to last year, the best part about AltaGas is that a large chunk of its revenues is guaranteed. As CEO Randy Crawford said, "We are operating a diversified and enduring business with approximately 85% of earnings underpinned by rate-regulated utilities or contracted midstream operations that we believe will demonstrate strong durability through this challenging landscape."

Essentially, this translated to stable revenues that give a lot of comfort to investors. EBITDA was $206 million, out of which utilities accounted for $80 million. Over 70% of utility earnings are fixed-billing, and AltaGas expects utilities to account for around 60% of 2020 EBITDA.

AltaGas believes that it will hit its 2020 guidance of $1.275-$1.325 billion of EBITDA for 2020, and this will help it pay out a forward dividend of $0.96, or 5.46%. It's a great dividend stock to accumulate in volatile times.

Enbridge stock: A Canadian dividend giant

Enbridge (TSX:ENB)(NYSE:ENB) is an energy infrastructure giant that is trading 23% off its February highs. The company has a forward dividend yield of 7.4%, and 2020 is a great opportunity for investors to pick up a stock like Enbridge at a cheap valuation.

While Enbridge operates in the energy sector, it is a transporter rather than an extractor or a supplier. In short, oil and energy companies pay Enbridge to transport their products. The company moves 25% of the crude oil and 20% of natural gas that is consumed in North America. It also has a very diverse revenue base consisting of oil pipelines (55%), natural gas pipelines (27%), natural gas utility assets (13%), and renewable power (4%).

The first six months of 2020 saw Enbridge's adjusted EBITDA increase to $7.08 billion from $6.98 billion in 2019. Oil accounts for a large portion of the company's revenues, and the battering it has received in the last quarter would have dented Enbridge's performance, but the company says demand for oil and gasoline is recovering as economies open.

Enbridge expects average annual DCF per share of 5-7% growth through 2022, of which 1-2% will be a result of cost efficiencies. The remaining growth is driven by the execution of $11 billion worth of projects. That program should add $2.5 billion in EBITDA.

The company has had some issues with its Line 5 pipelines, but that shouldn't hit its revenue in a big way. As Fellow Fool Reuben Gregg Brewer pointed out, Enbridge is a long-term opportunity for investors.

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