4 Canadian Giants That Raised Dividends Amid the Pandemic

Description

Many companies cut dividends to retain cash as their outlook turned bleak amid the pandemic. But some of the Canadian companies stood strong and increased their dividends recently, despite growing uncertainties. A stable earnings outlook and healthier balance sheets could be some of the reasons behind it. Let's take a look at who stayed resilient in such a grave crisis.

Royal Bank of Canada

The country's biggest bank **Royal Bank of Canada** (TSX:RY)(NYSE:RY) raised its quarterly dividend from $1.05 per share to $1.08 per share in the first quarter. Though the rise looks insignificant, it indicates the comfort to tackle the crisis. Moreover, its diversified earnings base and scale will likely help investors weather the pandemic in the near future.

Royal Bank stock currently yields 4.4%, which is higher than the Canadian broader markets.

The bank will release its third-quarter earnings on August 26. The pandemic-related pressures might weigh on its upcoming earnings and likely push its bottom line lower against Q3 2019.

However, it is one of the most stable investments at the moment for long-term investors, particularly with its discounted valuation and juicy dividend yield.

Canadian Natural Resources

The energy was among the hardest-hit sectors amid the pandemic. Many Canadian energy giants trimmed dividends when saving cash became a necessity. But **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) increased its dividends in Q1 by a notable 13% compared to the previous quarter.

For the third quarter of 2020, the oil and gas giant will pay a dividend of $0.425 per share, suggesting an annualized yield of 6.7%.

A probable dividend cut can't be ruled out completely if the pandemic lasts longer than expected. However, its diversified product base and unique set of assets differentiate it from peers and facilitate predictable cash flows for the future.

CNQ stock has soared almost 150% in the last five months. Interestingly, despite the rally, it still seems to have enough steam left for long-term investors.

Algonquin Power & Utilities

Algonquin Power (TSX:AQN)(NYSE:AQN) increased its shareholder payouts from $0.141 per share to $0.155 per share in May. It offers secured dividends and yields 4.5% at the moment.

Utilities are normally slow-growth companies and pay safe dividends. Algonquin has returned almost 600% in the last 10 years, including dividends. It has been a consistent performer for the last several years and has beat larger peers by a wide margin.

Algonquin Power & Utilities is an $11 billion utility and renewables company in North America. Its rate-regulated operations generate predictable and stable earnings, irrespective of the economic conditions. Notably, its superior earnings growth drove its stock price and dividend growth in all these years.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) was also among the very few Canadian companies that raised dividends this year amid the pandemic. The top energy midstream company is expected to pay a dividend of $3.24 per share this year — an increase of 8% compared to 2019. That represents a dividend yield of 5%.

Apart from the crude oil and natural gas pipelines, TC Energy also runs a power-generation business. The company generates stable cash flows that enable steady dividends, making it a safe bet for investors, unlike risky oil-producing companies.

TC Energy stock is currently trading 15% lower to its pre-pandemic levels. The stock offers decent growth prospects and also looks attractive from a valuation standpoint.

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:RY (Royal Bank of Canada)
4. NYSE:TRP (Tc Energy)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
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