Market Crash 2021: 2 Future Dividend Kings to Own in 2021

Description

The **S&P/TSX Composite Index** fell 33 points on December 21. This was the second straight day of losses for Canada's top index. Earlier this month, I'd warned investors that a market crash may be looming. The second wave of COVID-19 has ushered in new restrictions and lockdowns, which threaten to further disrupt an already devastated global economy. Today, I want to look at two future dividend kings that investors should consider scooping up in this uncertain time.

An underrated future dividend king to snag in December

Canadian Utilities (TSX:CU) is a Calgary-based company engaged in the electricity, pipeline and liquids, and retail energy businesses worldwide. Its shares have dropped 16% in 2020 as of close on December 21. Utilities have proven resilient since the market crash earlier this year, while this stock has faced challenges.

The company released its third-quarter 2020 results on October 29. It recently announced the acquisition of the Pioneer Pipeline for $255 million, adding another asset to its large stable of energy producers. Adjusted earnings fell to $76 million in Q3 2020 compared to $106 million in the prior year. On a year-to-date basis, adjusted earnings were down to $349 million over $432 million in 2019.

Canadian Utilities boasts a large footprint in the oil and gas sector, which has taken its lumps during the pandemic. However, this stock remains highly desirable for income investors. It has delivered dividend growth for 48 consecutive years. This puts it two years away from claiming its status as a dividend king. It last raised its quarterly dividend to $0.4354 per share. That represents a strong 5.6% yield. Canadian Utilities is still a solid target for those concerned about a potential market crash.

Why Fortis is a great add in this dangerous market

Back in August, I'd discussed three reasons I'd never sell **Fortis** (TSX:FTS)(NYSE:FTS). One of those reasons was its trajectory to become one of the first dividend kings on the TSX. Moreover, it has performed well in previous market crashes. Its shares have dropped 2.4% over the past month.

Overall, Fortis stock has been static for 2020.

The St. John's-based utility holding company released its third-quarter results on October 30. It boosted its five-year capital plan by $0.8 billion to a total of $19.6 billion. This capital plan aims to significantly improve its rate base by the end of this decade. That, in turn, will support Fortis's impressive dividend-growth streak. The company projects annual dividend growth of around 6% through 2024.

Shares of Fortis last possessed a favourable price-to-earnings ratio of 19 and a price-to-book value of 1.4. In the third quarter, Fortis announced a quarterly dividend of $0.505 per share. That represented a 5.8% increase from the prior year, and its 47th consecutive year of dividend increases. Fortis is well on its way to becoming a dividend king on the back of its ambitious five-year capital plan. This is a strong option for investors looking for security ahead of a potential market crash.

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