



3 Cheap TSX Dividend Aristocrats to Buy Right Now

Description

Dividend Aristocrats are excellent additions to your portfolio, as you can be reasonably sure that these companies would continue to raise their dividend payouts. Given their stable payouts, the companies are also less volatile, thus providing stability to your portfolio. Here are the three cheap **TSX** Dividend Aristocrats you can buy right now for higher returns.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has made a strong start to 2021, with its stock up over 12% for this year. The increase in economic activities amid the expansion of vaccination programs could drive oil demand, thus increasing Enbridge's throughput and financials this year. Being a dividend stock, its adjusted EBITDA and distributable cash flow (DCF) are key metrics. The company earns around 98% of its adjusted EBITDA from regulated assets or long-term contracts, providing stability to its cash flows.

For 2021, the company's management [expects](#) its DCF per share to be in the range of \$4.70 to \$5.00, representing year-over-year growth of 4.3% from the mid-point of 2020 guidance. The management also expects its EBITDA to be in the range of \$13.9 billion to \$14.3 billion. Given its strong cash flows and healthy liquidity position, I believe the company's dividends are safe.

Enbridge has hiked its dividends for the last 26 consecutive years. For 2021, the management has announced dividends of \$3.34 per share, representing a dividend yield of 7.3%. Despite its recent surge, the company is still trading at over 20% discount from its 52-week high, [providing an excellent buying opportunity](#).

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is one of Canada's largest telecommunication operators. Last week, the company had reported its fourth-quarter earnings. Despite the pandemic's impact, the company added 147,000 net new customers during the quarter. Its direct fiber and rural wireless home internet

locations reached 6 million at the end of the last year. Meanwhile, the company's management expects the number to reach 6.9 million by the end of this year.

Amid the increased demand for its services, BCE has planned to make a \$1 to \$1.2 billion capital investment over the next two years to expand its broadband fiber network. It is also looking at expanding its 5G network, which has reached 150 markets across Canada.

These initiatives could drive the company's top line, bottom line, and cash flows in 2021. The management expects its top-line to grow by 2% – 5%, while its adjusted EPS could increase by 1% – 6%. Further, the company's management has raised its 2021 dividends by 5.1% to \$3.50 per share, marking its 13 consecutive years of dividend hike of more than 5%. Its dividend yield currently stands at an attractive 6.3%.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) has raised its dividends for the last 49 consecutive years, thanks to its stable cash flow from its utility businesses and power generation facilities. The company operates six power generating facilities with a total capacity of \$247 megawatts of power. It sells 89% of the power generated from these facilities through long-term agreements, thus protecting its financials from price and volume fluctuations.

Further, company management has planned to invest around \$3.4 billion in regulated assets, and long-term contracted businesses from 2020 to 2022. In September, the company completed the acquisition of Pioneer Natural Gas Pipeline for \$255 million.

These initiatives could drive the company's financials and cash flows in the coming years. So, I believe Canadian Utilities is well-positioned to raise its dividends in the coming years. Currently, it has a healthy dividend yield of 5.6%. Further, its valuation also looks attractive, with its forward price-to-earnings and price-to-book multiple standing at 16.8 and 1.7, respectively.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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