2 TSX Dividend Stocks That Are Yielding More than Fortis (TSX:FTS)

Description

Fortis (TSX:FTS)(NYSE:FTS) is a well-known dividend stock that has increased its dividends for 47 years in a row. Further, the utility giant projects continued growth in its rate base and expects its dividends to increase by 6% annually in the next five years.

Its low-risk and diversified business and regulated assets generate resilient cash flows that drive its dividends and reduces downside risk. Fortis expects its rate base to increase by about $10 billion in the coming five years, which could drive its high-quality earnings base, in turn, its dividends. Meanwhile, investments in infrastructure and opportunistic acquisitions are likely to support its future growth.

While Fortis is undeniably a solid dividend bet, its low yield of 3.7% fails to attract. So here we'll focus on two top dividend stocks that have a long track record of maintaining and increasing their dividends and are offering higher yields than Fortis.

Enbridge

Speaking of higher yields, consider buying the shares of energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB). Its dividend yield stands at 7.1% and is very safe, thanks to its highly diversified income streams and resilient cash flows. Further, it has a long track record of dividend payments (Enbridge has paid regular dividends for more than 66 years) and increased it by a compound annual growth rate (CAGR) of nearly 10% in the last 26 years.

Despite the short-term volatility and uncertainty in the market, Enbridge remains well-positioned to uninterruptedly pay its regular quarterly dividends and increase it further at a decent pace. Notably, the company projects its distributable cash flow (DCF) per share to mark 5-7% growth annually in coming years, suggesting that its future dividends could increase at an almost similar rate.

I believe the reopening of the economy, steady recovery in its mainline volumes, and continued momentum in its gas and renewable power business could significantly boost its earnings and cash flows. Furthermore, its diversified and multi-billion-dollars secured capital program is likely to drive its high-quality earnings base and drive future dividend payments.

Pembina Pipeline

Similar to Enbridge, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) has also paid and increased its dividends for a very long period. The company has uninterruptedly paid dividends since 1997. In dollar terms, Pembina has nearly $9.5 billion in dividends since then. Furthermore, its dividends have grown by about 5% annually over the last decade.

Pembina stock is offering a high yield of more than 6.7%. Meanwhile, its robust fee-based cash flows and sustainable payout ratio suggest that investors can rely on its dividends and its high yield is safe. Notably, Pembina's business is highly contracted and has a cost-of-service and take-or-pay framework. Furthermore, Pembina has strong investment-grade secured counterparties.

I believe its exposure to multiple commodities, ability to generate robust fee-based cash flows, and recovery in energy demand position it well to deliver solid earnings and cash flows.

Moreover, the backlog of growth projects, operating leverage, and newly secured projects are likely to boost Pembina's growth prospects and support the upside in its stock. Pembina is also trading cheaper than its peers and looks attractive at current price levels.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
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6. TSX:PPL (Pembina Pipeline Corporation)

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