The 2 Best Canadian Dividend Stocks to Buy Right Now

Description

If dividend income gives you pleasure, here are two top Canadian stocks that have the potential to increase their dividends at a decent pace over the next decade. Notably, these companies have been paying dividends for a very long period, thanks to their resilient cash flows. Furthermore, their strong capital investments, good growth opportunities, and high-quality earnings base is likely to drive future dividends.

Enbridge

Investors eyeing a growing dividend income stream should consider buying the shares of **Enbridge** (TSX:ENB)(NYSE:ENB), as there are good reasons behind it. The energy infrastructure company has paid dividends for over 66 years. Furthermore, its common share dividends have increased by a CAGR of 10% (the highest growth rate among its peers) in the last 26 years.

Enbridge's stellar dividend payments are backed by its solid business that generates resilient cash flows. Furthermore, its diverse income streams, contractual framework, and continued investments in growth initiatives support higher dividend payments. The revival in demand, economic expansion, and recovery in mainline throughput suggests that Enbridge could continue to deliver solid total shareholders return in the coming years.

I expect Enbridge's 40 diverse cash flow streams, sustained momentum in the base business, and new assets to drive its earnings and, in turn, its future dividend payouts. Furthermore, rate escalation, customer growth, and strong growth opportunities in the renewable energy business could push its dividends higher. The company is witnessing higher utilization for its assets. Further, cost efficiencies and a secured capital program are likely to cushion its earnings. It pays an annual dividend of $3.34 a share, reflecting a high yield of 6.9%.

TC Energy

With its high-quality assets and strong earnings base, **TC Energy** (TSX:TRP)(NYSE:TRP) is another top Canadian stock that could continue delivering stellar returns and growing its dividends at a decent pace. Notably, it has uninterruptedly paid and increased its dividends by 7% annually over the past 21 years in a row. Currently, it is paying an annual dividend of $3.48 a share, reflecting a solid yield of 5.6%.

TC Energy derives most of its earnings from the diversified assets that are regulated or have a contractual framework. Furthermore, its asset utilization rate remains high, suggesting that the company could continue to pay and increase its common share dividends at a decent pace.

Notably, TC Energy projects a 5-7% increase in its future dividends backed by continued growth in its cash flows. Its robust development portfolio, solid growth opportunities, and $20 billion secured capital program is likely to boost its earnings and cash flows. Further, its sustainable payout ratio and solid comparable EBITDA suggest that its high yield is very safe.

Bottom line

Both these energy infrastructure companies remain well positioned to benefit from the improving energy outlook. Meanwhile, their conservative business mix, diverse cash flows, sustainable payout ratio, and growth projects augur well for future dividend payouts. Notably, Enbridge and TC Energy have delivered an average annual total shareholder return of 16% and 12%, respectively, in the last 21 years. I expect both these companies to continue to deliver returns at par with the historical average.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/25

Date Created

2021/05/11

Author

snahata