Want Growing Income? 2 Must-Own Dividend All-Stars

Description

The **Toronto Stock Exchange** opened in 1861 and turned 160 years old this year. Canada's largest stock exchange experienced peaks and valleys through the years. Subsequently, it produced outstanding dividend-paying companies that help Canadians build wealth. Today, the TSX is the source of passive income for people with financial goals.

In the post-pandemic environment, it would be best to own dividend all-stars in your portfolio basket. Stocks like **Transcontinental** (TSX:TCL.A) and **Emera** (TSX:EMA) are must-own assets. If you want growing income, the pair is among TSX's best dividend growth stocks.

Successful synergy

Transcontinental traces its roots to the printing business. The company has grown to be the country's largest printing firm. It has successfully integrated flexible packaging and specialty media into its core business. Today, this $2.09 billion firm from Montreal operated three business segments, namely packaging (55%), printing (42%), and media (3%).

While the packaging contributes the most to revenue, Transcontinental maintains and operates a vast national printing network. Meanwhile, its media division is the largest publisher of French-language educational resources in the country. Thus far, the business synergy between the printing and packaging segments has been superb.

Transcontinental President and CEO François Olivier believes the company's printing sector has returned to growth following the Q2 fiscal 2021 earnings results (quarter ended April 25, 2021). While the top line slid slightly by 0.29% versus Q2 fiscal 2020, net earnings attributable to shareholders increased 38.52%.

Olivier also confirms that the packaging sector remains Transcontinental's main engine of long-term growth. He said customer demand remains robust. During the quarter, management introduced new products and signed new contracts. He also added that the momentum of sustainable packaging products contributes to the circular economy for plastic.

Regarding dividends, Transcontinental earned the dividend all-star status because it has raised dividends for more than 25 years. The company uses the internally-generated funds for strategic acquisitions and dividend payments. At $24.04 per share, you can partake of the 3.74% dividend. Also, the stock is a top performer with its 20.86% year-to-date gain.

Consistent cash flows

Emera, a $14.73 billion diversified energy and services company, is a no-brainer buy. Because it operates in strong economic growth markets, the company could sustain its solid history of growing dividends (14 consecutive years). At $58.07 per share, the corresponding dividend yield is a hefty 4.39%.

Management aims to reward investors with a 4% to 5% annual dividend growth through 2022. The reasons for Emera's consistent cash flow and earnings are its rate-regulated utilities and operations. In Q1 2021 (three months ended March 31, 2021), adjusted net income was nearly 26% higher than Q1 2020.

Emera has a $7.4 billion capital investment plan in place until 2023 and forecasts a rate base growth of between 7.5% and 8.5%. It expects to spend $2 billion for the entire 2021, which should increase the rate base by 6% to $22.5 billion. Also, expect Emera to deploy higher amounts toward renewable and cleaner generation investments, reliability, and infrastructure modernization plus customer-focused technologies.

Room for dividend growth

Dividend all-stars, Transcontinental and Emera, are excellent picks if you want to add stability to your portfolio. Similarly, there should be room for further dividend growth, given the favourable business outlook. The respective business performances are likely to improve significantly in the post-pandemic era.

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