



2 Top Canadian Dividend Growth Stocks With Soaring Payouts

Description

Canadian investors are searching for top dividend growth stocks to put in their income and [retirement](#) portfolios.

Algonquin Power

Algonquin Power ([TSX:AQN](#)) ([NYSE:AQN](#)) is a Canadian power generation and utility company with assets primarily located in the United States.

The businesses include natural gas, water, and electricity distribution along with solar, wind, and hydroelectric power facilities. The company has grown steadily over the past 30 years through acquisitions and organic projects.

Algonquin Power raised the dividend by 10% for 2021, supported by new revenue streams coming from completed capital projects and recent acquisitions. The company reported solid [Q2 2021](#) results. Adjusted EBITDA in the quarter rose 39% compared to the same period last year.

Algonquin Power is an attractive pick for investors who want to add renewable energy exposure to their portfolios. The company has a current market capitalization of \$12 billion, giving it the financial clout to do additional deals as the sector consolidates. Algonquin Power could also become a takeover target for a larger utility or even an alternative asset manager looking for [ESG](#) opportunities.

The stock is down from its 2021 high, giving investors a chance to buy Algonquin Power on a dip. At the time of writing the stock provides a 4.3% dividend yield.

Imperial Oil

Imperial Oil ([TSX:IMO](#)) is one of Canada's oldest oil companies. The business is majority-owned by U.S. giant **ExxonMobil** and has a mix of production, refining, and retail operations, including Esso-branded gas stations.

The pandemic hit the company hard as demand dried up for fuel products. Imperial Oil's share price plunged from \$35 in early 2020 to around \$13 but has rebounded on the back of a recovery in the oil market. Continued strength is expected as airlines ramp up capacity and commuters start heading back to the office.

Imperial Oil recently raised its quarterly dividend by more than 22% from \$0.22 per share to \$0.27. Oil prices are expected to hold or extend the 2021 gains through next year and some pundits see oil taking a run at US\$100 per barrel again by 2025. In that scenario, the stock looks cheap right now and more big dividend increases could be on the way.

Imperial Oil reported its highest Q2 production in more than 25 years in the second quarter of 2021. In addition, rising polyethylene margins resulted in the highest chemical quarterly net income in 30 years, hitting \$109 million. Imperial Oil repurchased 4% of its outstanding shares in the quarter and plans to buy back an additional 5% of the common stock over the next 12 months.

Refinery capacity utilization continues to improve, hitting 78% in the quarter and was 93% in June after the completion of planned maintenance work.

Imperial Oil is part of a new alliance among major Canadian oil producers to build carbon sequestration facilities that will help them hit net-zero emissions by 2050. The ESG initiative could help attract new investors in the coming years.

Imperial Oil trades near \$34 per share and provides a 3.1% dividend yield.

The bottom line

Algonquin Power and Imperial Oil are enjoying strong revenue growth that should translate into generous dividend increases. If you are searching for top dividend-growth stocks, these names deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:IMO (Imperial Oil Limited)

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