This Canadian Stock Increased Its Dividend 153% in 10 Years

Description

Motley Fool investors continue to watch dividend stocks these days. The **S&P/TSX Composite Index** continues to trade further up. This comes from earnings reports well above expectations. And this in turn means we could be experiencing a more solid recovery. While that's good news, it also means it's harder to find a Canadian stock with growth in the books.

Therefore, a solid dividend stock is perfect on the **TSX** today. But more than that, Motley Fool investors need to find a company that can deliver solid payouts, and stable increases for the decades to come.

A Canadian stock to consider

Canadian Pacific Railway (TSX:CP)(NYSE:CP) is perfect for those seeking dividend income. The Canadian stock doesn't have the highest yield at 0.79%, it's true. But the growth is astounding. In the last decade, dividends have grown by 153% to $0.76 per share per year today. That represents a compound annual growth rate (CAGR) of 26% in the last decade as of writing!

Further, CP stock is a solid long-term investment, and may even be considered a growth stock. The company recently won out a battle for **Kansas City Southern**, which makes it the largest railway in North America. It will stretch from Canada down to Mexico, rolling through oil and gas as well as agriculture fields to collect cash.

Of course, this didn't come without a cost. The Canadian stock will pick up KCS for a whopping US$31 billion, including debt. And that's why the stock sunk last September. After the news that it seemed CP stock would be successful, shares slowly fell by 15%.

But today? Things are different

After bottoming out, shares are now back to those highs from back in May. The Canadian stock is clearly able to pay for the purchase, and that's good news in several ways.

First, there's the growth aspect. Analysts expect the company to reach $103 per share in the next year. That represents growth of 7% as of writing. And all that growth will surely lead to even more dividend increases.

Furthermore, the Canadian stock is still a steal for dividend seekers. Shares trade at a P/E of 20.63, and an EV/EBITDA of 14.25, putting it just shy of value territory. Add in a dividend with substantial increases over the years and you have a winning stock for Motley Fool investors.

Putting it to work

Shares of CP stock are simply where they were at the beginning of the year. However, those shares increased by 692% in the last decade alone. This came from cost-saving methods and strong investments that made the company what it is today. What's more, investors could in fact see similar growth in the next decade thanks to the KCS investment.

If that's the case, Motley Fool investors have a chance to make a killing on the TSX today, especially if they reinvest the dividends from this Canadian stock. Say you were to buy up $20,000 worth of shares and reinvest dividends. That could turn your portfolio into $187,057 in a decade!

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