



## 3 Dividend-Growth Stocks on the TSX You Can Buy for 2022

### Description

Investing in dividend stocks allows you to derive a predictable stream of passive income as well as benefit from long-term capital gains. The ideal [dividend stock](#) is one that generates steady cash flows across business cycles and has a wide economic moat, permitting the company to increase payouts each year.

Here, we'll look at three such dividend-growth stocks Canadians can buy for 2022.

### Enbridge

It's difficult to look beyond **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) when we shortlist Canadian dividend-paying companies. A Dividend Aristocrat, Enbridge, recently [increased its dividends](#) for the 27th consecutive year, providing investors with a tasty forward yield of 7.2%.

The energy heavyweight expects to generate between \$15 billion and \$15.6 billion of adjusted EBITDA next year, which will be 9% higher compared to 2021. It also expects distributable cash flows between \$5.20 and \$5.50 per share in 2022 which is 10% higher than the current year. A key driver of higher cash flows is the deployment of \$10 billion in expansion projects, which will be completed in 2021.

ENB stock continues to trade at a discount and is valued at a forward sales to cash flow multiple of just nine. The company also authorized up to \$1.5 billion in share buybacks, which will further increase its cash flow per share going forward.

Enbridge now expects to plow \$4 billion in expansion projects in 2022 in addition to its current backlog of \$9 billion, which will increase its base of cash-generating assets and support higher payouts.

### Brookfield Renewable Partners

A renewable energy giant, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) offers investors a forward yield of 3.4%. Brookfield has increased dividends at an annual rate of 6% in the

last 11 years. It expects payouts to grow between 5% and 9% going forward.

Generally, dividend stocks with a high yield don't have exciting growth prospects. But Brookfield Renewable is optimistic about generating annual returns of 15% in the long term. After adjusting for dividends BEP stock has returned over 500% to investors in the last decade, easily surpassing gains of the broader indices.

The global shift towards clean energy solutions will be a key driver of Brookfield's rising cash flows, making it a solid long-term bet for dividend investors right now. Its cash flows are highly diversified, and no single region accounts for over 10% of total cash flow. Further, its power-purchase agreements have an average contract life of 14 years.

## Algonquin Power & Utilities

The final stock on my list is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). Valued at a market cap of \$12.26 billion, AQN stock has returned 352% to investors in the past decade. However, it's also down 18% from all-time highs, allowing investors to buy the dip and benefit from a forward yield of 4.8%.

In Q3 of 2021, Algonquin [increased EBITDA](#) by 27% to \$252 million, while its adjusted net earnings per share stood at \$0.15, which was in line with its year-ago period.

The company deployed \$3.4 billion in capital expenditures, allowing it to increase quarterly dividends from \$0.199 per share in 2020 to \$0.215 per share in 2021.

## The Foolish takeaway

These three dividend stocks will enable investors to generate inflation-beating returns over time. An investment of \$10,000 in each of these stocks will allow investors to earn more than \$1,500 in annual dividends.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:ENB (Enbridge Inc.)

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