3 Top Stocks for a Growing Dividend Income

Description

Dividend stocks offer regular income. Further, some companies have consistently raised their dividends and are on track to increase them in the coming years, implying that investors can earn a reliable income that would grow along with them.

Let's look at a few TSX stocks that have paid and raised their dividend payments over the past several years. Further, their resilient business and solid earnings base add visibility over future payouts.

TC Energy

TC Energy's (TSX:TRP)(NYSE:TRP) high-quality assets and resilient cash flows have led it to consistently boost its shareholders' returns with higher dividend payouts. For instance, TC Energy has uninterruptedly increased its dividend for 22 years. Moreover, it recently increased its dividend by 3.4%.

Looking ahead, its diversified portfolio of high-quality energy infrastructure assets will likely support its cash flows and, in turn, its payouts. Further, as TC Energy generates most of its earnings from regulated and contracted assets, its payouts are well protected.

TC Energy's $24 billion secured capital projects and continued strong performance of its existing assets are expected to give a boost to its adjusted EBITDA. The company expects adjusted EBITDA to increase by 5% per annum through 2026. Meanwhile, it expects additional sanctioned projects, other revenue-enhancement measures, and cost savings would support its earnings and, in turn, its dividends.

TC Energy projects a 3% to 5% annual increase in its dividends in the coming years. Moreover, it offers a solid yield of 5% at the current price levels.

Enbridge

Like TC Energy, **Enbridge's** (TSX:ENB)(NYSE:ENB) diversified asset base and contractual framework has driven its higher dividend payouts over the past several years. For context, Enbridge has raised its dividend for 27 years. Further, since 2008, Enbridge's dividends have increased at a CAGR of 13%, which is encouraging. Moreover, it offers a yield of 6.1%.

The positive energy outlook and recovery in its mainline volumes indicate that Enbridge remains well positioned to enhance its shareholders through higher dividends. Further, most of its revenues are inflation protected, implying that its payouts are safe.

Notably, Enbridge is advancing its multi-billion secured capital program, which would drive its adjusted EBITDA and, in turn, its distributable cash flows. Further, its strategic capital allocation, revenue inflators, and productivity savings bode well for future cash flows.

The company sees its distributable cash flow per share to grow at an annualized rate of 5-7% through 2024, which indicates that its dividends could rise in low- to mid-single-digit rates in the coming years.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is an obvious choice for investors seeking a reliable dividend income stream. Irrespective of where the market moves, Fortis's low-risk business and high-quality assets handily cover its payouts. Thanks to its defensive and regulated assets, this utility giant has raised dividends for 48 years in a row.

Moreover, its 10 regulated utility businesses and growing rate base suggest that Fortis could continue to increase its future dividend payments. Notably, Fortis projects its rate base to grow at a CAGR of 6% in the medium term. Meanwhile, it expects its dividends to increase at a similar pace during the same period.

Overall, Fortis's conservative business, growing rate base, and predictable cash flows will likely support its payouts. It offers a yield of 3.5%, which is safe.

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