2 Canadian Stocks to Buy With Dividends Yielding More Than 3%

Description

Adding Canadian stocks to a given portfolio can help provide diversification, particularly for those focused on other markets, such as the United States. That said, in this market, many investors really have to think hard about which particular stocks to add.

Notably, the Canadian market is energy and financials heavy. For investors seeking dividend yield, this has been a key reason to hold these companies over the long term. One of the stocks on my list of two top Canadian picks fits this profile.

That said, there are a range of other notable dividend payers worth considering. Here are two companies that I think are worth considering due to their current yields as well as dividend growth profiles moving forward.

Canadian stocks to buy: Restaurant Brands

Restaurant Brands (TSX:QSR)(NYSE:QSR) is a Canada-based multinational quick-service restaurant provider. Under its world-class fast-food banners, including Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and Firehouse Subs, the company has grown into a formidable player in the global market for affordable dining.

Currently providing a dividend yield of 3.9%, Restaurant Brands stock is attractive on this basis alone. This is a company that's shown its ability and eagerness to raise its distribution over time. Additionally, with strong fundamentals, this is a Canadian dividend stock I think is worth looking at right now.

Restaurant Brands posted rather remarkable second-quarter (Q2) numbers, beating the consensus analyst estimates on the company's top and bottom line. Notably, revenues came in a $1.6 billion, beating the consensus estimates by around $67 million. These top-line figures also represented growth of 14% year over year.

These gains were driven mainly by system-wide sales growth at the company's Popeyes, Tim Hortons, and Burger King franchises.

Over the long term, I think more growth is likely, as the company continues to tap international markets with new locations. Should same-store sales continue to increase as it has, this is a company with a bright long-term future and a sustainable yield.

Enbridge

A company that provides a higher yield, at around 6.7% at the time of writing, is **Enbridge** (TSX:ENB)(NYSE:ENB). This Calgary-based energy infrastructure company is among the largest oil and gas pipeline players in North America.

One of the reasons I like Enbridge stock is precisely because of this company's current yield. That said, Enbridge's management team has continued to push for low, but meaningful, dividend increases over time. Of late, the company has been focusing more on debt repayment and balance sheet improvement. Personally, I think this is the right move.

Enbridge's recent financial results were also very solid. The company reaffirmed its 2020 outlook during its Q2 release, while also showing strong EBITDA (earnings before interest, taxes, depreciation, and amortization) growth of roughly $400 million to $3.7 billion for the past quarter. On a price-to-earnings basis, this company trades at roughly 21 times earnings. Try finding a 6.7% yielding stock with these sorts of fundamentals — it's hard.

Notably, Enbridge has also announced newly secured growth projects valued at around $3.6 billion. Thus, this company isn't sitting on its hands. Enbridge is a necessary company providing essential services that power the economy. For those looking to hold for a decade or two, this remains a top pick of mine in this uncertain market.

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chrismacdonald