3 Dividend-Growth Stocks That Could Surge up to 33% in 2023

Description

The ongoing market turmoil offers investors the opportunity to buy beaten-down dividend stocks at a discount. As dividend yields and share prices are inversely related, several companies across sectors are offering juicy yields to shareholders in 2022.

Dividend stocks have historically outpaced the broader markets as these companies derive cash flows and profits across market cycles. Investors can create a passive-income stream by investing in a portfolio of dividend stocks as well as benefit from long-term capital gains.

Here, I have identified three dividend-growth stocks that could surge up to 33% in 2023.

Brookfield Renewable Partners

Among the largest clean energy companies globally, **Brookfield Renewable Partners** (TSX:BEP.UN) has delivered stellar returns to investors in the last two decades. In fact, while BEP shares are up over 2,000% since November 2002 in dividend-adjusted gains, the stock is trading 33% below all-time highs right now.

The worldwide shift towards renewable energy solutions is inevitable, providing enough room for Brookfield Renewable to grow its earnings over time. The company operates over 5,300 renewable energy-generation facilities across the Americas, Asia, and Europe.

It ended the recent quarter with close to 23 gigawatts of electricity-generation capacity and might triple this capacity in the next few years. BEP's contracts and power-purchase agreements are linked to inflation, and its extensive development pipeline should support the growth of its future cash flows.

BEP offers investors a forward yield of 4.4% and is trading at a discount of over 33% to average price target estimates.

Broadcom

Semiconductor giant **Broadcom** (NASDAQ:AVGO) has returned a staggering 4,250% to investors since its initial public offering during the financial crisis of 2009. In the last 13 years, it has also increased dividend payouts by 36.7% annually, which is quite exceptional.

Broadcom is well positioned to benefit from the transition towards 5G, as telecom companies will look to upgrade their wireless infrastructure in the next few years.

With a backlog of almost $15 billion, Broadcom should tide over the current macro environment, which is volatile due to rising interest rates and inflation. The company's product backlog provides Broadcom with cash flow transparency, driving investor confidence higher.

AVGO stock currently offers investors a forward yield of 3.1%, which is quite tasty. It's also trading at a discount of almost 25% compared to consensus price target estimates.

Restaurant Brands International

The final dividend stock on my list is **Restaurant Brands International** (TSX:QSR), one of the largest quick-service restaurants globally. Restaurant Brands in the parent company of popular fast-food brands such as Burger King, Tim Hortons, Firehouse Subs, and Popeyes Louisiana Kitchen. It has a footprint of 29,000 store outlets in more than 100 countries.

After establishing a strong presence in Canada, QSR's Tim Hortons brand is looking to gain significant traction in emerging markets such as India. In fact, Tim Hortons is expected to open more than 100 company-owned stores in India in the next few years.

Further, QSR also franchises out a significant portion of its restaurants, allowing it to derive predictable cash flows in the form of royalty fees and support dividend increases.

QSR stock offers investors a dividend yield of 3.3%, and these payouts have increased by 29% annually in the last seven years. Its also trading at a discount of 8% compared to average price target estimates.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:AVGO (Broadcom Limited)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:QSR (Restaurant Brands International Inc.)

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