



4 Companies That Recently Increased Their Dividend Payments

Description

Dividends are an important part of corporate strategy. Dividends are a way to attract investors, and companies will increase their dividends for a couple of reasons. Sometimes, it is a way to return cash to investors after positive corporate developments. Other times, it's a way to encourage investors to hold their stock after some bad earnings or a general corporate misstep.

Here are four companies that have increased their dividends over the past 30 days, and the likely reason for the adjustment.

1. Suncor Energy Inc.

Suncor Energy Inc. ([TSX: SU](#))([NYSE: SU](#)) increased its dividend on July 25 at the same time it reported earnings. Suncor hiked its quarterly dividend to \$0.28 per share from \$0.23 per share, a 22% increase. The annual dividend yield is now 2.46%.

While the dividend increase is good news for investors, the earnings were not. Net earnings were \$0.14 per share, down sharply from last year's \$0.45 per share result. Net earnings for the second quarter were negatively impacted by various after-tax impairment charges. Non-GAAP operating earnings, the figure comparable to analyst estimates, were \$0.77 per share, below the Capital IQ consensus for \$0.97 per share. The company also reduced its full-year 2014 capital expenditure; perhaps this freed up the cash for the dividend hike.

2. CCL Industries Inc.

Specialty packaging company **CCL Industries Inc.** ([TSX: CCL.B](#)) increased its quarterly dividend by 20% to \$0.30 from \$0.254 for Class B non-voting shares, a 20% increase. Its annual dividend yield is 0.94%.

Like Suncor, CCL Industries' dividend hike was announced at the same time that quarterly results were released. However, unlike Suncor, CCL Industries' earnings were positive. Net earnings for the second quarter of 2014 increased by 109.5% to \$55.3 million from \$26.4 million for the second quarter of 2013. Basic earnings per Class B share were \$1.61 versus the \$0.77 per Class B share earned in the

comparable quarter. The company's CEO directly cited "significantly higher earnings, strong cash flow expectation for the current year, and positive outlook for future periods" as reason to raise the dividend.

3. Cardinal Energy Ltd.

Cardinal Energy Ltd's ([TSX: CJ](#)) board approved a 30% monthly dividend hike, to \$0.07 per share from \$0.05417, taking the current annual dividend yield to 3.39%.

The company announced the dividend hike at the same time that it said it had acquired approximately 1,900 Boe/day of long-life oil production in the Wainwright area of Alberta. The company expects the acquisition to be accretive, on a per share basis, to production, cash flow from operations, and proved plus probable reserves.

4. Capital Power Corporation

Capital Power Corporation's ([TSX: CPX](#)) board approved a 7.9% increase in its dividend when it released earnings on July 25. The company's new dividend, effective starting in the third quarter, will increase to \$0.34 per share from \$0.315 per share. The annual dividend yield is 5.12%

Capital Power's dividend increase may have been a way to encourage investors to hold the stock following the latest earnings. When the company increased its dividend it announced that adjusted earnings were \$0.07 per share in the second quarter, compared to the \$0.27 per share the company earned in the second quarter of 2013.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:CCL.B (CCL Industries)
3. TSX:CPX (Capital Power Corporation)
4. TSX:SU (Suncor Energy Inc.)

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