2 Dividend-Growth Stocks That Won't Keep You Up at Night

Description

As the Canadian economy works its way through a rough patch, new investors are wondering where they can put new money to work without taking on too much risk.

Here are the reasons I think **Telus Corporation** (TSX:T) (NYSE:TU) and **Metro Inc.** (TSX:MRU) are strong picks right now.

Telus

Telus is committed to providing superior customer service and that strategy is paying off.

The company enjoys the lowest churn rate in the industry and its lucrative mobile customers continuously use more data and rack up higher bills. In fact, Telus had a blended average revenue per user (ARPU) of $62.34 in Q1 2015, a 3.2% increase over Q1 2014. The strong result was the 18th consecutive year-over-year quarterly ARPU gain.

Overall earnings in Q1 hit $415 million, a 10% jump over the same period the year before.

On the wireline side, Telus continues to see solid customer growth in its Telus TV and broadband Internet divisions. Many of the new customers are switching over from cable competitors.

Telus has a great history of dividend growth. The payout has increased nine times in the past four years and the current distribution of $1.68 per share yields a solid 3.8%.

People will cut a lot of things out of their budget in a weak economy, but mobile and Internet services are not going to be on that list, and TV packages are unlikely to go either.

Metro

If you live in Quebec or Ontario, you have certainly shopped at Metro's grocery and drug stores.

The food and drug business is very competitive, and you would think that companies would have a difficult time making money. That's not the case with Metro. In its last earnings statement the company reported year-over-year sales growth of 6% and a 15% jump in profits.

The company is one of the best-run businesses in the sector and the regional focus allows it to manage costs very effectively. Times might be getting tough, but people still have to eat and take their pills.

Metro offers both premium and discount brands, so the company does well whether shoppers are feeling wealthy or concerned about keeping expenses down.

Metro pays a dividend that yields about 1.3%. Investors shouldn't be put off by the low number as the company has increased the payout by 40% in the past two years, and dividend increases should continue.

Metro is one of those stocks you can simply buy and forget about for the next 20 years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:MRU (Metro Inc.)
3. TSX:T (TELUS)

Category

1. Dividend Stocks
2. Investing

Date
2025/08/26
Date Created
2015/07/16
Author
aswalker