3 Top Dividend-Growth Stocks Worth Buying Today

Description

If you're a fan of companies with extensive streaks of annual dividend increases, then this article is for you. I've compiled a list of three companies with yields up to 3.9% that have raised their dividends for 11 consecutive years or more, so let's take a quick look at each to determine if you should buy one of them today.

1. Finning International Inc.

Finning International Inc. (TSX:FTT) is the world's largest dealer of Caterpillar equipment with operations in North America, South America, and Europe. It pays a quarterly dividend of $0.1825 per share, or $0.73 per share annually, which gives its stock a yield of about 3.4% at today's levels.

It is also important to make the following two notes.

First, Finning's 2.8% dividend hike in May 2015 has it on pace for 2016 to mark the 15th consecutive year in which it has raised its annual dividend payment.

Second, the company generated $30 million of free cash flow in the first quarter of fiscal 2016, compared with a cash use of $232 million in the year-ago period, and it stated that it expects its 2016 annual free cash flow to be "modestly above $300 million." If Finning can achieve this target, which I think is very likely, I think it will announce a dividend hike before the end of the year, allowing its streak of annual increases to continue until 2017 at least.

2. CCL Industries Inc.

CCL Industries Inc. (TSX:CCL.B) is the world's largest label company, and it's one of its leading providers of specialty packaging products. It pays a quarterly dividend of $0.50 per share, or $2.00 per share annually, which gives its stock a yield of about 0.9% at today's levels.

A 0.9% yield may seem insignificant at first, but it is important to make the following two notes.

First, CCL Industries's 33.3% dividend hike in February has it on pace for 2016 to mark the 15th consecutive year in which it has raised its annual dividend payment.

Second, the company has a target dividend payout of 25% of its adjusted net earnings, so I think its very strong growth, including its 33.2% year-over-year growth to a record adjusted $2.65 per share in the first quarter of fiscal 2016, will allow its streak of annual dividend increases to continue going forward.

3. Rogers Communications Inc.

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) is one of the largest communications and media companies in Canada. It pays a quarterly dividend of $0.48 per share, or $1.92 per share annually, which gives its stock a yield of about 3.9% at today’s levels.

It is also important to make the following two notes.

First, Rogers has raised its annual dividend payment for 11 consecutive years, but it is currently on pace to only match the total amount of dividends it paid per share in 2015.

Second, the company expects its free cash flow to grow by 1-3% in 2016 from the $1.68 billion it generated in 2015. If Rogers can achieve this projected growth, which I think is very likely, I think it will raise its dividend before the end of the year to bring its streak of annual increases to a dozen.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:CCL.B (CCL Industries)
3. TSX:FTT (Finning International Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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