These 2 Dividend-Growth Stars Continue to Reward Their Shareholders

Description

As history has shown, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and the top performers are those that raise their payouts every year. It's for this reason that all long-term investors should own at least one dividend-growth stock and, depending on your age, investment goals, and risk tolerance, maybe even a portfolio full of them.

With this in mind, let's take a look at two dividend-growth all-stars that recently raised their payouts once again, so you can determine if you should invest in one or both of them today.

1. Emera Inc.

Emera Inc. (TSX:EMA) is one of North America's largest utilities companies with operations across Canada, the United States, and the Caribbean. It's engaged in electricity generation, transmission, and distribution, gas transmission and distribution, and utility energy services, and its subsidiaries include Nova Scotia Power, Emera Maine, TECO Energy, Barbados Light & Power, and Emera Utility Services.

On July 4, Emera announced a 10% hike to its quarterly dividend to $0.5225 per share, or $2.09 per share annually, which gives its stock a yield of about 4.25% at today's levels. The first quarterly payment at this increased rate will come on August 15 to shareholders of record at the close of business on July 22.

Investors must also make two important notes about its dividend.

First, Emera's three dividend hikes since the start of 2015, including its 3.2% hike in February 2015, its 18.8% hike in August 2015, and the hike noted above, have it on pace for 2016 to mark the 10th consecutive year in which it has raised its annual dividend payment.

Second, it has a dividend-growth target of 8% annually through 2020, and its very strong operational performance could allow it to extend this target beyond 2020 or announce a new growth target as 2020 nears.

2. Alimentation Couche-Tard Inc.

Alimentation Couche-Tard Inc. (TSX:ATD.B) is one of world’s largest owners, operators, and franchisors of convenience stores and gas stations with a network of about 12,000 stores located across North America, South America, Europe, Asia, and Africa. Its banners include Circle K, Couche-Tard, Mac’s, Kangaroo Express, Topaz, and INGO.

In its fourth-quarter earnings report on July 12, Couche-Tard announced a 14.8% hike to its quarterly dividend to $0.0775 per share, or $0.31 per share annually, which gives its stock a yield of about 0.5% at today’s levels. The first quarterly payment at this increased rate will come on August 4 to shareholders of record at the close of business on July 21.

Investors must also make two important notes about its dividend.

First, Couche-Tard’s two dividend hikes in the last nine months, including its 22.7% hike in November 2015 and the hike noted above, have it on pace for fiscal 2017 to mark the eighth consecutive year in which it has raised its annual dividend payment.

Second, its rock-solid balance sheet and its strong growth of operating cash flows, including its 10.1% year-over-year increase to $1.89 billion in fiscal 2016, could allow its streak of annual dividend increases to continue for many years to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

Category

1. Dividend Stocks
2. Investing

Date
2025/07/08
Date Created
2016/07/14
Author
jsolitro