These S&P/TSX 60 Constituents Raised Their Dividends on Tuesday

Description

Two of Canada's largest public companies just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each, so you can decide which would fit best in your portfolio.

Metro, Inc.

Metro, Inc. (TSX:MRU) is one of Canada's leading retailers and distributors of food. It operates a network of supermarkets, discount stores, and drugstores under its many banners, which include Metro, Super C, Food Basics, Brunet, Clini Plus, and Drug Basics.

In its first-quarter earnings release on Tuesday, January 24, Metro announced a 16.1% increase to its quarterly dividend to $0.1625 per share, representing $0.65 per share on an annualized basis, and this brings its stock's yield up to about 1.6% today. The first payment at this increased rate will come on March 13 to shareholders of record at the close of business on February 15.

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Incredibly, Metro has raised its annual dividend payment for 22 consecutive years, giving it one of the 10 longest active streaks for a public corporation in Canada, and the hike it just announced has it on pace for 2017 to mark the 23rd consecutive year with an increase.

It's also important to note that Metro has a dividend-payout target of 25% of its previous year's net earnings, so I think its continual growth, including its 17.7% year-over-year increase to an adjusted $2.39 per share in fiscal 2016 and its 3.6% year-over-year increase to $0.58 per share in the first quarter of fiscal 2017, will allow its streak of annual dividend increases to continue in 2018 and beyond.

Canadian National Railway Company

Canadian National Railway Company (TSX:CNR)(NYSE:CNI), or CN for short, is one of North America's largest rail-network operators with approximately 20,000 route-miles of track spanning Canada and mid-America.

In its fourth-quarter earnings release on Tuesday, January 24, CN announced a 10% increase to its quarterly dividend to $0.4125 per share, representing $1.65 per share on an annualized basis, and this brings its yield up to about 1.8% today. The first quarterly installment at this increased rate is payable on March 31 to shareholders of record at the close of business on March 10.

CN has now raised its annual dividend rate every year since it began paying a dividend in 1996, which means the hike it just announced has it positioned for 2017 to mark the 21st consecutive year with an increase.

Investors must also note that CN has a dividend-payout target of 35% of its net earnings, so I think its consistent growth, including its 4.2% year-over-year increase to an adjusted $1.23 per share in the fourth quarter and its 3.4% year-over-year increase to an adjusted $4.67 per share in the full year of fiscal 2016, will allow its streak of annual dividend increases to continue for many years into the future.

Should you buy one of these dividend-growth superstars today?

I think both Metro and Canadian National Railway represent phenomenal long-term, dividend-growth opportunities today, so take a closer look and strongly consider initiating a position in at least one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:MRU (Metro Inc.)

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