



These 2 Food Stocks Just Hiked Their Dividends by 3-11%

Description

Earnings season is the most popular time for companies to raise their dividends, and this season has been another highly active time. In fact, two food companies just raised their dividends by 3-11%, so let's take a quick look at each to determine if you should add one of them to your portfolio today.

North West Company Inc.

North West Company Inc. ([TSX:NWC](#)) is one of the leading retailers of food and everyday products and services to underserved rural communities and urban neighbourhood markets in northern Canada, western Canada, rural Alaska, the South Pacific Islands, and the Caribbean. It operates 230 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, and Cost-U-Less.

In its fourth-quarter earnings release on March 15, North West announced a 3.2% increase to its quarterly dividend to \$0.32 per share, representing \$1.28 per share on an annualized basis, and this brings its yield up to a juicy 4.2% today. The first payment at this increased rate will come on April 17 to shareholders of record on March 31.

Investors should also make the following two notes about North West's dividend.

First, it has raised its annual dividend payment for five consecutive years, and the 3.2% hike it just announced has it positioned for 2017 to mark the sixth consecutive year with an increase.

Second, I think North West's consistent financial growth, including its 10.1% year-over-year increase in earnings from operations to \$118.1 million and its 9.8% year-over-year increase in diluted earnings per share to \$1.57 in 2016, will allow its streak of annual dividend increases to continue through 2020 at the very least.

Premium Brands Holdings Corp.

Premium Brands Holdings Corp. ([TSX:PBH](#)) is one of North America's leading producers, marketers, and distributors of branded specialty food products with operations in British Columbia,

Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Nevada, Ohio, Arizona, and Washington State. It serves a diverse customer base, and its brands include Grimm's, Harvest, McSweeney's, Hempler's, OvenPride, Hygaard, Gourmet Chef, and Hub City Fisheries.

In its fourth-quarter earnings release on March 16, Premium Brands announced a 10.5% increase to its quarterly dividend to \$0.42 per share, representing \$1.68 per share on an annualized basis, which brings its stock's yield up to about 2.2% today. The first payment at this increased rate will come on April 17 to shareholders of record at the close of business on March 31.

It's important for investors to make the following three notes about Premium Brand's dividend.

First, it has raised its annual dividend payment for four consecutive years, and this hike has it on pace for 2017 to mark the fifth consecutive year with an increase.

Second, this is the third year in a row in which Premium Brands has raised its dividend by 10% or more.

Third, I think its incredibly strong financial performance, including its 49.8% year-over-year increase in free cash flow to \$121.5 million and its 37% year-over-year increase in adjusted earnings per share to \$2.48, will allow its streak of annual dividend increases to continue for another five years at least.

Which should you buy today?

I think North West and Premium Brands represent two of the best long-term investment options in the food industry, so take a closer look at each and strongly consider beginning to scale in to positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:PBH (Premium Brands Holdings Corporation)

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