



These 2 Stocks Just Raised Their Dividends by 10%

Description

Earnings season is the most popular time for companies to raise their dividends, and this season has been another highly active time. Let's take a closer look at two companies that raised their dividends by 10% in the last week, so you can determine if you should invest in one of them today.

Stella-Jones Inc.

Stella-Jones Inc. ([TSX:SJ](#)) is a leading producer and marketer of pressure-treated wood products in North America. Its offerings include railway ties, construction timbers, utility poles, foundation and marine pilings, highway guardrail posts, and lumber for residential use.

On the day of its fourth-quarter earnings release, March 17, Stella-Jones announced a 10% increase to its quarterly dividend to \$0.11 per share, representing \$0.44 per share on an annualized basis, and this brings its stock's yield up to about 1.1% today. The first quarterly installment at this increased rate is payable on April 28 to shareholders of record at the close of business on April 3.

It's also important for investors to make the following two notes.

First, this dividend hike has Stella-Jones positioned for 2017 to mark the 13th consecutive year in which it has raised its annual dividend payment.

Second, I think Stella-Jones's very strong financial performance, including its 17.9% year-over-year increase in sales to \$1.84 billion and its 8.9% year-over-year increase in net income to \$153.9 million in 2016, which led to 2016 marking the 16th consecutive year in which it has achieved sales and net income growth, will allow its streak of annual dividend increases to continue into the late 2020s at the very least.

Cargojet Inc.

Cargojet Inc. ([TSX:CJT](#)) is Canada's leading provider of time-sensitive overnight air cargo services. It operates its network across North America each business night through its fleet of 20 all-cargo aircraft.

On March 20, Cargojet announced a 10% increase to its quarterly dividend to \$0.1925 per share, representing \$0.77 per share on an annualized basis, which brings its yield up to about 1.7% today. The first payment at this increased rate will be made on or before April 5 to shareholders of record at the close of business back on March 20.

Investors should also make the following two notes.

First, Cargojet's two dividend hikes in the last eight months, including its 17.4% hike in August 2016 and the one noted above, have it on pace for 2017 to mark the second consecutive year in which it has raised its annual dividend payment.

Second, I think its strong financial performance, including its 14.5% year-over-year increase in revenues to \$331 million and its 280.9% year-over-year increase in free cash flow to \$49.9 million in 2016, will allow its streak of annual dividend increases to continue in 2018 and beyond.

Should you invest in one of these stocks today?

Stella-Jones and Cargojet may not have the highest yields around, but I think they still represent attractive long-term investment opportunities today, so take a closer look at each and consider initiating a position in one of them over the next couple of trading sessions.

CATEGORY

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2. Investing

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1. TSX:SJ (Stella-Jones Inc.)

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Author

jsolitro

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