



## 2 S&P/TSX 60 Constituents Just Hiked Their Dividends: Time to Buy?

### Description

Two constituents of the S&P/TSX Composite Index just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each, so you can determine if you should buy one or both of them today.

#### Dollarama Inc.

**Dollarama Inc.** ([TSX:DOL](#)) is Canada's largest owner and operator of dollar stores with 1,095 locations across all 10 provinces as of January 29.

In its fourth-quarter earnings release on March 30, Dollarama 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 0.4% today.

Investors should make the following three notes about Dollarama's dividend.

First, the first payment at the increased rate will be made on May 3 to shareholders of record at the close of business on April 21.

Second, this dividend increase has Dollarama positioned for fiscal 2018 to mark the sixth consecutive year in which it has raised its annual dividend payment.

Third, I think Dollarama's consistently strong financial performance, including its 11.8% year-over-year increase in sales to \$2.96 billion and its 23.7% year-over-year increase in diluted net earnings to \$3.71 per share in fiscal 2017, and its continued expansion that will fuel future growth, including its addition of 65 net new locations in fiscal 2017 and its target of opening an additional 605 net new stores over the next eight to 10 years to bring its total store count to 1,700, will allow its streak of annual dividend increases to continue for another decade at least.

#### Pembina Pipeline Corp.

**Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) is a pure-play energy infrastructure company with

operations in Canada and the United States. Its assets include conventional pipelines, oil sands and heavy oil pipelines, natural gas pipelines, natural gas processing plants, fractionators, and midstream storage facilities.

On April 3, Pembina announced a 6.3% increase to its monthly dividend to \$0.17 per share, representing \$2.04 per share on an annualized basis, and this brings its yield up to about 4.8% today.

It's important to make the following three notes about Pembina's dividend.

First, the first monthly payment at the increased rate will come on May 15 to shareholders of record on April 25.

Second, Pembina's two dividend hikes in the last 13 months, including its 4.9% hike in April 2016 and the one noted above, have it on pace for fiscal 2017 to mark the sixth consecutive year in which it has raised its annual dividend payment.

Third, I think Pembina's strong financial performance, including its 21% year-over-year increase in adjusted EBITDA to \$1.19 billion and its 12.3% year-over-year increase in adjusted operating cash flow to \$986 million in fiscal 2016, and its aggressive expansion plans that will drive future growth, including its estimated \$4.3 billion worth of projects that will be completed by the end of 2017, will allow its streak of annual dividend increases to easily continue into the late 2020s.

### **Which constituent should you buy today?**

I think Dollarama and Pembina Pipeline both represent very attractive long-term investment opportunities, so take a closer look at each and strongly consider making at least one of them a core holding in your portfolio today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:DOL (Dollarama Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)

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