



Retire Early With These 3 Dividend-Growth Standouts

Description

The road to early retirement isn't a difficult one. It just involves a great deal of commitment.

The formula is simple: If you want to retire early, you must create a huge savings rate. This is accomplished by spending little, earning a lot, or some sort of combination of the two.

Most prospective early retirees will focus on keeping their costs down while maximizing their income. Getting married to someone with similar goals sure does help too. As long as someone retiring early can maintain that huge gap for long enough, it becomes an easily solvable math problem.

For example, if you manage to save 50% of your income, then just 25 years of work is enough for 25 years of retirement. Add on investment gains and most will end up with enough to comfortably retire early.

If you combine saving aggressively with stocks with demonstrated histories of outperformance, you can reach your early retirement goals even faster. Here are three great names to will help you get there.

High Liner

High Liner Foods Inc. ([TSX:HLF](#)) dominates the frozen-fish market in Canada and has a presence in the United States.

The company sees great potential in the incredibly fragmented market south of the border. High Liner only has a 4% market share in the retail market in the United States. As long as management can execute, it ensures a sustainable growth plan.

The frozen fish business is hardly a sexy one, yet High Liner has been one of the best investments out there. Including reinvested dividends, shares have increased by 14.76% annually over the last 15 years. A \$10,000 investment in the stock in 2002 would be worth more than \$78,000 today.

The company has also been a dividend-growth stud, upping its dividend each year since 2007. The

current payout is 14 cents per share each quarter — good enough for a 3.2% yield.

Stella-Jones

If you thought fish was a boring investment, then you likely won't be impressed with **Stella-Jones Inc.** ([TSX:SJ](#)), which makes utility poles and railroad ties.

Results have been simply outstanding. In 2011, the company generated net income of \$55.7 million on revenue of \$651.6 million. Just five years later, revenue nearly tripled to \$1.83 billion, and earnings came in at \$153.9 million. Despite that outstanding growth, Stella-Jones shares trade hands for less than 20 times trailing earnings.

Shares currently pay a 1.1% yield, which is admittedly a little low. But with a payout ratio of just 19.8% of trailing earnings, look for the company to really get serious about upping its payout. It has more than doubled its distribution since 2010.

Intertape Polymer

Intertape Polymer Group ([TSX:ITP](#)) manufactures various kinds of tape and similar products, ranging from plastic wrap to duct tape to the wrap that goes under siding on a house.

Revenue grew nearly 4% in 2016 based on increased volumes and some small tuck-in acquisitions. The company is working on getting more efficient by closing redundant facilities, and continued strength in the U.S. housing market should also help the bottom line.

Intertape might not have the longest dividend history — it has only paid a dividend since 2012 — but the payout has more than doubled in five short years.

A \$10,000 investment in the company a decade ago would be worth more than \$51,500 today, including reinvested dividends. That's the kind of investment that can really help someone retire early.

The bottom line

Investors tend to focus too much on gigantic stocks that have already seen their best days. High Liner Foods, Stella-Jones, and Intertape Polymer are small enough that they still have significant growth potential. They are the kinds of companies that could send you to an early retirement.

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1. Dividend Stocks
2. Investing

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1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:ITP (Intertape Polymer Group)

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

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