2 Top Dividend-Growth Stocks to Buy Now

Description

Buying and holding dividend-growth stocks is one of the most powerful and time-proven strategies to build wealth over the long term. With this in mind, let's take a closer look at two quality dividend-growth stocks that you could add to your portfolio today.

Suncor Energy Inc.

Suncor Energy Inc. (TSX:SU)(NYSE:SU) is one of Canada's largest integrated energy companies. Its operations include oil sands development and upgrading, offshore oil and gas production, petroleum refining, and product marketing under its Petro-Canada brand.

Suncor currently pays a quarterly dividend of $0.32 per share, equal to $1.28 per share on an annualized basis, which gives it a yield of approximately 3% today.

On top of being a high yielder, Suncor is one of the top dividend growers in its industry. It has raised its annual dividend payment for 14 consecutive years, and the 10.3% hike it announced in February has it positioned for 2017 to mark the 15th consecutive year with an increase.

I think Suncor is a top pick for dividend growth going forward as well. I think its strong growth of funds from operations (FFO), despite the lower commodity price environment, including its 168.9% year-over-year increase to $1.21 per share in the first quarter of 2017, and its very conservative dividend-payout ratio, including a mere 26.4% of its FFO in the first quarter, will allow its streak of annual dividend increases to easily continue into the 2020s.

Metro, Inc.

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

Metro currently pays a quarterly dividend of $0.1625 per share, equal to $0.65 per share on an annualized basis, giving it a yield of about 1.4% today.

Metro may lack yield, but it more than makes up for it in terms of dividend growth. It has raised its annual dividend payment for 22 consecutive years, and its 16.1% hike in January has it on pace for 2017 to mark the 23rd consecutive year with an increase.

I think Metro can continue to grow its dividend in the years ahead too. It has a dividend-payout target of 25% of its net earnings from the preceding fiscal year, so I think its continued growth, including its 17.7% year-over-year increase to an adjusted $2.39 per share in fiscal 2016 and its 6.5% year-over-year increase to $1.14 per share in the first half of fiscal 2017, will allow its streak of annual dividend increases to continue in 2018 and beyond.

Which of these dividend-growth stars belongs in your portfolio?

I think Suncor and Metro would make great additions to any Foolish portfolio, so take a closer look at each and consider adding one or both of them to yours today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:MRU (Metro Inc.)
3. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/07
Date Created
2017/05/02
Author
jsolitro