These 2 Stocks Just Raised Their Dividends

Description

Earnings season is the most popular time for companies to raise their dividends, and this season has been another active time. Let's take a closer look at two companies that raised their dividends by 3-9% in the last week, so you can determine if you should invest in one or both of them today.

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Jean Coutu Group PJC Inc.

Jean Coutu Group PJC Inc. (TSX:PJC.A) is one of Canada's largest franchisors of pharmacies. It operates a network of 418 franchised stores in Quebec, New Brunswick, and Ontario under the banners of PJC Jean Coutu, PJC Santé, and PJC Santé Beauté. It also owns Pro Doc Ltd., a Quebec-based manufacturer of generic drugs.

In its fourth-quarter earnings release on April 27, Jean Coutu announced an 8.3% increase to its quarterly dividend to $0.13 per share, equal to $0.52 per share on an annualized basis, and this brings its yield up to approximately 2.3% today.

Investors must also make three important notes about Jean Coutu's new dividend.

First, the first quarterly installment at the increased rate will be paid on May 26 to shareholders of record at the close of business on May 12.

Second, Jean Coutu has raised its annual dividend payment for 10 consecutive fiscal years, and the hike it just announced has it positioned for fiscal 2018 to mark the 11th consecutive year with an increase.

Third, I think the company's strong generation of operating cash flow, including $212.3 million in fiscal 2017, its conservative dividend-payout ratio, including just 41.7% of its OCF in fiscal 2017, and its large amount of cash on hand, including $178.9 million at the conclusion of fiscal 2017 compared with just $84.5 million at the beginning of the year, will allow its streak of annual dividend increases to easily continue into the 2020s.

Cineplex Inc.

Cineplex Inc. (TSX:CGX) is Canada's largest owner and operator of movie theatres with 164 across the country that serve approximately 75 million guests annually. It also operates numerous other businesses, including food service, amusement gaming, eSports, alternative programming, digital commerce, advertising, digital media, and The Rec Room, and it owns 50% of SCENE, which is Canada's largest entertainment loyalty program.

In its first-quarter earnings release on May 2, Cineplex announced a 3.7% increase to its monthly dividend to $0.14 per share, representing $1.68 per share on an annualized basis, and this brings its yield up to about 3.1% at today's levels.

Investors should also make the following three notes about Cineplex's new dividend.

First, this dividend increase is effective for its May dividend, which will be paid in June.

Second, Cineplex has raised its annual dividend payment for six consecutive years, and its two hikes in the last 13 months, including its 3.8% hike in May 2016 and the one it just announced, have it on pace for 2017 to mark the seventh consecutive year with an increase, and the hike it just announced also has it on pace for 2018 to mark the eighth consecutive year with an increase.

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Third, I think Cineplex's strong generation of free cash flow (FCF), including $43.34 million ($0.682 per share) in the first quarter of 2017, its sound dividend-payout ratio, including 59.4% of its FCF in the first quarter, and its significant amount of cash and cash equivalents on its balance sheet, including $41.41 million at the conclusion of the first quarter compared with $33.55 million at the beginning of the period, will allow its streak of annual dividend increases to continue in 2019 and beyond.

Should you buy one of these dividend growers today?

I think Jean Coutu and Cineplex represent very attractive long-term investment opportunities, so take a closer look at each and consider initiating positions in at least one of them today.

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