



2 Notable Dividend Hikes From the Week of May 1

Description

Loblaw Companies Limited ([TSX:L](#)) and **Uni-Select Inc.** ([TSX:UNS](#)) 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 of them today.

Loblaw Companies Limited

Loblaw Companies Limited is Canada's food and pharmacy leader, the country's largest retailer, and the majority unitholder of **Choice Properties Real Estate Investment Trust**. As of March 25, it had 2,420 corporate, franchised, and associate-owned locations across the country under numerous banners, including Loblaw, Shoppers Drug Mart, and Real Canadian Superstore.

In its first-quarter earnings release on May 3, Loblaw announced a 3.8% increase to its quarterly dividend to \$0.27 per share, equal to \$1.08 per share on an annualized basis, and this brings its yield up to about 1.4% at today's levels.

Foolish investors should make the following three important notes about Loblaw's new dividend.

First, the first quarterly payment at this increased rate will be made on July 1 to shareholders of record on June 15.

Second, Loblaw has raised its annual dividend payment for five consecutive years, and its two hikes in the last 13 months, including its 4% hike in May 2016 and the one noted above, have it on pace for 2017 to mark the sixth consecutive year with an increase, and the hike it just announced also puts it on pace for 2018 to mark the seventh consecutive year with an increase.

Third, I think Loblaw's very strong earnings growth, including its 18.4% year-over-year increase to an adjusted \$4.05 per share in 2016 and its 9.8% year-over-year increase to an adjusted \$0.90 per share in the first quarter of 2017, will allow its streak of annual dividend increases to continue in 2019 and beyond.

Uni-Select Inc.

Uni-Select is one of North America's leading distributors of automotive refinish and industrial paint and related products, and it's one of the leading distributors of automotive parts, tools, and equipment to automotive repair and collision repair shops in Canada.

In its first-quarter earnings release on May 4, Uni-Select announced an 8.8% increase to its quarterly dividend to \$0.0925 per share, representing \$0.37 per share on an annualized basis, which brings its yield up to about 1.1% today.

Investors must also make the following three notes about Uni-Select's new dividend.

First, the first payment at the increased rate will be made on July 18 to shareholders of record at the close of business on June 30.

Second, it has raised its annual dividend payment for three consecutive years, and its two hikes in the last 14 months, including its 6.3% hike in April 2016 and the one noted above, have it positioned for 2017 to mark the fourth consecutive year with an increase, and the hike it just announced also has it positioned for 2018 to mark the fifth consecutive year with an increase.

Third, I think Uni-Select's strong financial performance, including its 14% year-over-year increase in free cash flow (FCF) to \$22.15 million in the first quarter of 2017, and its very conservative dividend-payout ratio, including a mere 12.3% of its FCF in the first quarter, will allow its streak of annual dividend increases to continue into the 2020s.

Should you buy one of these dividend growers today?

I think Loblaw and Uni-Select would make great additions to any Foolish portfolio, so take a closer look at each and see if there's a place for one of them in yours today.

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2. TSX:UNS (Uni-Select)

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