

## 2 Under-the-Radar Dividend-Growth Stocks I'd Buy Today

### Description

One of the most successful investment strategies is to buy and hold stocks with track records of dividend growth. This is because a rising dividend is a sign of a very strong business with excellent cash flows and earnings to support increased payouts, and the dividends themselves really add up over time when reinvested.

This also means that investors should favour stocks with modest yields that have the ability to grow their dividends over time over ones with high yields that have little to no growth potential.

With all of this in mind, let's take a closer look at two dividend-growth stocks that you could buy today.

### Exco Technologies Limited

**Exco Technologies Limited** ([TSX:XTC](#)) is one of the world's leading designers, developers, and manufacturers of dies, moulds, equipment, components, and assemblies for the die-cast, extrusion, and automotive industries.

Exco currently pays a quarterly dividend of \$0.08 per share, equal to \$0.32 per share annually, which gives it a yield of about 2.95% at today's levels.

A 2.95% yield is far from high, but what we care about more is dividend growth, and Exco has shown a strong dedication to delivering just that. Investors must make the following two notes:

First, the company has raised its annual dividend payment each of its last seven fiscal years, and its 14.3% hike in February has it on pace for fiscal 2017 to mark the eighth consecutive year with an increase.

Second, I think Exco's very strong financial performance, including its 15.6% year-over-year increase in operating cash flow to \$33.82 million and its 16.3% year-over-year increase in net earnings to \$0.57 per share in the first half of fiscal 2017, will allow its streak of annual dividend increases to easily continue into the 2020s.

### Cogeco Inc.

**Cogeco Inc.** ([TSX:CGO](#)) is a diversified holding corporation with operations in the communications and media sectors. Its subsidiaries include **Cogeco Communications Inc.**, the eighth-largest cable operator in North America, and Cogeco Media, one of Quebec's largest radio broadcasters and news agencies.

Cogeco pays a quarterly dividend of \$0.34 per share, equal to \$1.36 per share annually, which gives it a 1.9% yield at today's levels.

Cogeco has a much lower yield than Exco Technologies, but its streak of annual dividend increases is

more impressive. Investors must make the following two notes:

First, Cogeco has raised its annual dividend payment for 12 consecutive fiscal years, and its 15.3% hike in November 2016 has it on pace for fiscal 2017 to mark the 13th consecutive year with an increase.

Second, I think the company's very impressive financial performance, including its 27.1% year-over-year increase in operating cash flow to \$620.27 million and its 61.1% year-over-year increase in free cash flow to \$338.43 million in the first nine months of fiscal 2017, will allow its streak of annual dividend increases to continue in fiscal 2018 and beyond.

### **Which of these dividend growers belongs in your portfolio?**

I think Exco Technologies and Cogeco represent very attractive long-term investment opportunities, so take a closer look at each and consider adding one of them to your portfolio today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:XTC (Exco Technologies Limited)

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