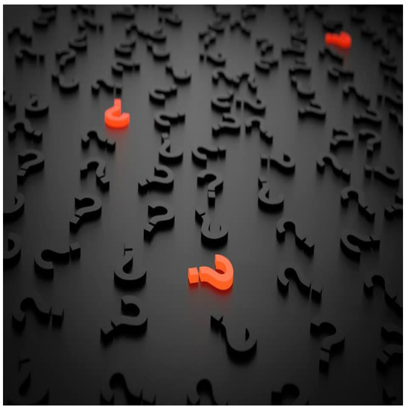

Equitable Group Inc. Just Increased its Dividend: Should You Buy it?

Description

It's earnings season, and one of the companies to release third-quarter results on November 9 was **Equitable Group Inc.** (TSX:EQB). Equitable Group operates Equitable Bank, which provides retail and commercial banking solutions, including savings and lending products. Let's take a look at the company's results.

Third-quarter results

The company reported diluted earnings per share of $2.21, which is 2% higher than third quarter 2016 and beat the analyst consensus of $2.01. Net income results were $37.9 million — 7% higher than Q3 2016, but 3% lower than Q2 2017. Return-on-equity numbers dropped to 14.4% from last year's 17.2%.

Dividend increase

One of the highlights of the results for income investors is an increase to the company's quarterly dividend. Equitable's third-quarter payout moved up to $0.24 per share from $0.23 in both the first and second quarters. Equitable has a history of steadily increasing its dividends over the years. The dividend was $0.20 at the beginning of 2016. Going back five years, the dividend was only $0.14 per share. Income investors should be pleased with the steadily increasing payout. However, the yield still isn't terribly high, sitting at 1.50%.

Should you buy it?

That depends on who you ask. Here at the Motley Fool, we've talked about Equitable a few times recently, and we don't all come down on the same side. One Fool contributor listed Equitable Group as his top stock for October, partly based on a recent uptick in real estate numbers. You can read more of his analysis here.

Another Fool contributor came down on the opposite side. Even though Equitable has solid numbers right now, it is still considered an "alternative lender" that faces higher risks in any housing crisis. You can read more of this viewpoint here.

Bottom line

No one can know for sure what will happen with a stock or the housing market, which is why you'll see differing opinions on the value of this stock. It has a lot of good numbers and a regularly increasing dividend. However, mortgage lenders are always at risk when market regulations change or when the entire housing market stumbles. As an investor, you will need to decide if the benefits outweigh the risks here.

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2. Investing

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1. Editor's Choice

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