



These 2 Dividend-Growth Stars Just Raised Their Rates by 4.8%

Description

Earnings season is in full swing, and not only is it a great time to see the most up-to-date financials of the world's largest companies, but it's also the most popular time for companies to raise their dividends. With this in mind, let's take a closer look at two companies that raised their dividends by 4.8% last week, so you can determine if you should invest in one of them today.

Domtar Corp. ([TSX:UFS](#))([NYSE:UFS](#))

Domtar is one of [the world's leading](#) providers of fibre-based products, including communication, specialty, and packaging papers, market pulp, and absorbent hygiene products.

In its fourth-quarter earnings release on February 8, Domtar announced a 4.8% increase to its quarterly dividend to US\$0.435 per share, equating to US\$1.74 per share on an annualized basis, which brings its yield up to about 4%.

Foolish investors must make the following three notes about the new dividend.

First, the first payment at the increased rate is payable on April 16 to shareholders of record at the close of business on April 2.

Second, this dividend hike puts the company on pace for 2018 to mark the eighth straight year in which it has raised its annual dividend payment.

Third, I think Domtar's very strong growth of free cash flow, including its 126.3% year-over-year increase to US\$267 million in 2017, and its conservative dividend-payout ratio, including just 39% of its free cash flow in 2017, will allow it to continue to deliver dividend growth to its shareholders in 2019 and beyond.

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#))

[Brookfield Renewable Partners](#) owns and operates one of the world's largest pure-play renewable power platforms. Its portfolio currently consists of 841 facilities with over 16,000 megawatts of installed

capacity, which are located across North America, South America, Europa, and Asia.

In its fourth-quarter earnings release on February 7, Brookfield announced a 4.8% increase to its quarterly distribution to US\$0.49 per unit, equating to US\$1.96 per unit on an annualized basis, which brings its yield up to about 6%.

It's important to make the following three notes about Brookfield's new distribution.

First, the first quarterly installment at the increased rate is payable on March 29 to shareholders of record on February 28.

Second, this hike has Brookfield positioned for 2018 to mark the seventh consecutive year in which it has raised its annual distribution.

Third, Brookfield has a long-term distribution-growth target of 5-9% annually, and I think its consistently strong growth of funds from operations, including its 31% year-over-year increase to US\$1.90 per unit in 2017, will allow it to achieve this growth target for decades.

CATEGORY

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:UFS (Domtar Corporation)

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