



Why Toronto-Dominion Bank Rose 1.24% on Thursday

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)), Canada's second-largest bank as measured by assets, announced its fiscal 2018 first-quarter earnings results and a dividend increase Thursday morning, and its stock responded by rising 1.24% in the day's trading session. Let's break down the results, the dividend increase, and the fundamentals of its stock to determine if we should be long-term buyers today.

The results that sent the stock higher

Here's a quick breakdown of 10 of the most notable statistics from TD Bank's three-month period ended January 31, 2018, compared with the same period in 2017:

Metric	Q1 2018	Q1 2017	Change
Net interest income	\$5,430 million	\$5,141 million	5.6%
Non-interest income	\$3,930 million	\$3,979 million	(1.2%)
Total revenue	\$9,360 million	\$9,120 million	2.6%
Adjusted net income	\$2,946 million	\$2,558 million	15.2%
Adjusted diluted earnings per share (EPS)	\$1.56	\$1.33	17.3%
Total assets	\$1,261,316 million	\$1,186,883 million	6.3%
Total deposits	\$813,444 million	\$774,534 million	5.0%
Total loans, net of allowance for loan losses	\$607,129 million	\$584,658 million	3.8%
Total assets under management	\$368,357 million	\$343,255 million	7.3%
Book value per share	\$36.58	\$36.25	0.9%

Putting a smile on shareholders' faces

In the press release, TD Bank announced an 11.7% increase to its quarterly dividend to \$0.67 per share, and the first payment at the increased rate will come on and after April 30 to shareholders of record at the close of business on April 10.

Is now the time to buy?

TD Bank kicked off fiscal 2018 with a very strong first-quarter performance, highlighted by +15% growth in adjusted net income and adjusted EPS, and the dividend hike was icing on the cake, so I think the market responded correctly by sending its stock higher; furthermore, I think the stock still represents a fantastic long-term investment opportunity today for two fundamental reasons.

First, it trades at attractive valuations. TD Bank's stock trades at just 12.4 times the consensus EPS estimate of \$6.06 for fiscal 2018 and only 11.5 times the consensus EPS estimate of \$6.51 for fiscal 2019, both of which are inexpensive given its current double-digit percentage earnings-growth rate and its estimated 8.6% long-term earnings-growth rate; these multiples are also inexpensive given the [low-risk nature](#) of its business model.

Second, it's [a dividend star](#). TD Bank now pays an annual dividend of \$2.68 per share, which brings its yield up to about 3.6%. It's also worth noting that the bank was already on track for fiscal 2018 to mark the eighth straight year in which it has raised its annual dividend payment, and the hike it just announced puts it on track for fiscal 2019 to mark the ninth straight year with an increase.

With all of the information provided above in mind, I think all Foolish investors should strong consider making TD Bank a long-term core holding.

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