3 Stocks That Raised Dividends More Than 15% in 2018

Description

Large dividend increases are often a good indication that management is bullish on the outlook for revenue and cash flow.

Let’s take a look at three Canadian companies that have significantly raised their payouts in 2018.

Badger Daylighting Ltd. (TSX:BAD)

Badger is a non-destructive excavation company that uses a combination of water jets and a high-powered vacuum to remove soil or debris. Badger manufactures its own vehicles, which include a storage tank to haul away the removed material. The company has more than 1,150 vacuum trucks in service across Canada and the United States.

Badger raised its dividend by 18% earlier this year after reporting strong 2017 results. The trend has continued, with Q1 2018 revenue increasing 20% compared to the same period last year. Net profit in the quarter was $8.1 million compared to $3.7 million in Q1 2017.

Badger is also planning to buy back up to two million common shares.

A rebound in the oil and gas sector combined with steady infrastructure and construction demand should support continued growth. The company expects to build 160-200 new hydrovacs this year, up from the previous guidance of 140-180.

The stock has moved from $23 to $30 per share since late March, but remains well below the 2014 highs. The dividend provides a yield of 1.8%.

Canadian Pacific Railway Limited (TSX:CP)(NYSE:CP)

Canadian Pacific battled difficult weather in the first quarter of 2018, but it entered Q2 with a positive note. The company finally reached contract agreements with engineers and signal workers, avoiding a shutdown of its services.

Despite the challenging start to the year, management is optimistic about the rest of 2018 and beyond. The company recently announced an order for 1,000 new grain hopper cars to help it meet strong demand from farmers and grain shippers.

A recent National Energy Board report said crude-by-rail shipments hit a record in April, so investors could see strong numbers from CP in this segment when the second-quarter results come out.

CP raised its dividend by 15.5% in May. The company has also been aggressive with its share-repurchase program. CP bought back 25% of the public float from 2014 to 2018.

Canadian Natural Resources Ltd. (TSX:CNQ)(NYSE:CNQ)

CNRL is a natural gas and oil producer with assets spanning the full spectrum of the product mix, including conventional oil and oil sands operations. In addition, CNRL has facilities in the North Sea and Offshore Africa.

The company has worked hard to drive down costs in recent years and is now enjoying the benefits of those efforts, just as oil prices are recovering. Funds flow from operations came in at $2.323 billion in the first quarter, and net earnings reached $583 million. Free cash flow was $1.22 billion.

Management raised the dividend by 22% for 2018 and has increased its share-buyback program.

The bottom line

All three companies are enjoying strong demand for their products and services, and the substantial dividend increases suggest the good times are expected to continue.

If you have some cash on the sidelines, Badger Daylighting, Canadian Pacific Railway, and Canadian Natural Resources deserve to be on your radar.

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