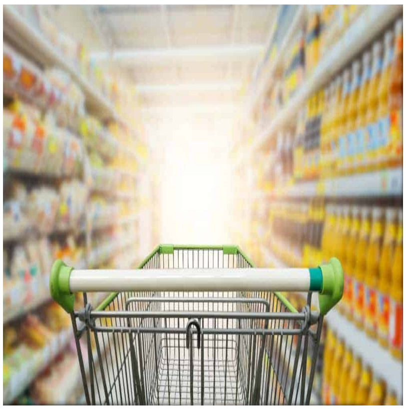

On the Hunt for Steady Dividend Growth? Add These 2 Grocery Stocks Today

Description

Investors can often get hung up on the size of a dividend yield, sometimes neglecting the rate of growth that an income-yielding equity offers. History shows us that growing dividends are the sign of a healthy stock. A sky-high dividend yield is enticing, but odds are, you are better off going with the company that has a proven track record of commitment to its shareholders.

Today, we are going to look at two stocks that have achieved over 20 consecutive years of dividend growth. This puts both in elite company on the TSX index. The grocery sector has attracted some pessimism, with **Amazon.com** planting its flag with the acquisition of Whole Foods, but many of the top retailers have shown a willingness to adapt in the Canadian market.

Metro (TSX:MRU)

Metro is a Montreal-based grocery and drugstore operator with locations in its home province of Quebec and in Ontario. Shares have climbed 2.5% in 2019 as of close on February 13. The stock is up 24.8% year over year. Late last year, I'd listed Metro as my top grocery stock to own going into 2019.

In late January, Metro released its first-quarter results for 2019. Sales rose 3.5% year over year when adjusting for the acquisition and added revenues from Jean Coutu Group. Adjusted net earnings climbed 35.9% from the prior year to $172.2 million. Back in September 2018, I'd discussed how rising food prices would prop up revenues at grocers in the near term.

Metro declared a dividend of $0.20 per share, which represents an 11.1% increase from the prior year. It also represents a modest 1.5% yield. Metro has now achieved dividend growth for 24 consecutive years.

Empire Company (TSX:EMP.A)

Empire Company operates through many retail banners including Sobeys, IGA, FreshCo, and the recently acquired Farm Boy. Shares of Empire have climbed 6.8% in 2019 as of close on February 13.

The stock is up 34% year over year. The company released its fiscal 2019 second-quarter results back in December.

Same-store sales, excluding fuel, rose 2.5% year over year, and Empire reported earnings per share of $0.38 compared to a loss of $0.09 per share in the prior year. The company realized a 48% jump in its adjusted earnings per share to $0.40, solidifying the quarter as one of the strongest in Empire's history. For the first six months of fiscal 2019, sales have climbed by $375 million to $12.67 billion. Adjusted net earnings have increased by $49.2 million to $210.6 million.

The board of directors declared a quarterly dividend of $0.11 per share. This represents a 1.4% yield. Empire Company has also achieved dividend growth for 24 consecutive years.

Bottom line

Both grocery retailers have started off very well in 2019 and look strong considering the challenges faced in this sector. These stocks offer modest yields, but the steady growth in dividends should come as an enticing bonus for investors on the hunt for equities to hold long term.

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2. Investing

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2. TSX:MRU (Metro Inc.)

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