



This High Growth Stock Increased Dividends by 11.1%

Description

What better way to build trust and confidence in a dividend stock than a company that increases dividend payouts for investors? A company with healthy dividends is appealing to investors.

If you're looking for increased earnings through investment, a high growth and high dividend stock are what you need. In August, the Canadian stock market witnessed one of the most substantial dividend increases.

Ritchie Bros ([TSX:RBA](#))([NYSE:RBA](#)) [increased the dividend payouts](#) last month by 11.1%. At the time of writing, Ritchie Bros stocks have a value of \$50.76 per share. The stock is not the most affordable one that you can buy aplenty.

That said, if you want to diversify your portfolio and add something that will help increase your earnings, RBA seems like a lucrative option.

The biggest industrial equipment auctioneer

Ritchie is the world's largest auctioneer for industrial equipment. Well ahead of its peers, the company has the most robust presence in this area.

If you have any relation to industrial equipment in your line of work, you must know about the online marketplace known as IronPlanet.

Ritchie Bros operates in 13 countries worldwide and is host to 40 live auctions; the company hosts online auctions through IronPlanet.

The Canadian company's live auctions throughout North America, the Middle East, Europe, and Australia along with online sales, show how geographically diverse the auctioneer is.

To add more to Ritchie's impeccable reputation, **Caterpillar** has agreed to a partnership with the company. Ritchie is the preferred global partner for Caterpillar for online and live auctions for industrial

equipment manufactured by the largest manufacturer in the industry.

Ritchie's performance in 2019

Ritchie Bros increased revenue to US\$697 million in the first half of 2019. The increase of almost US\$700 million is an impressive 22% increase from the income of the company from the previous year. About 58% of this amount derived from Ritchie's service revenue.

The rest of the revenue came through other means, such as inventory sales. One thing to note is that the operating margin contracted to 16% by 120 basis points. The diluted earnings per share for the company, however, increased by 13.8%, regardless, and is up to US\$0.66.

Consequently, these factors helped Ritchie Bros increase dividend payouts in August to give an annual payment of \$0.80 per share to investors. Another major factor in boosting investor confidence in the company is Ritchie's payout ratio at around 47%.

Ritchie Bros' stocks appreciated from \$42.64 to \$53.00 in a year. The increase of over 20% in RBA's share, along with a dividend increase of over 11% should make the stock an attractive option for investors.

Foolish takeaway

Ritchie Bros. Auctioneers experienced a five-year return of over 100%, despite the company's stock price taking a dip in 2018. If you remember the economic crash in 2008, Ritchie was one of the stocks that did plunge, but [didn't collapse](#) like so many others.

Nobody knows how bad the impending recession will be. If and when a recession hits, Ritchie Bros could be an excellent stock to help keep your financial situation secure. The historical performance of RBA stocks means that company should be a good investment for you to consider.

CATEGORY

1. Dividend Stocks
2. Investing

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