3 Industrial Stocks That Raised the Dividend in Q1

Description

The dividend growth strategy is growing in popularity as record low interest rates make bonds and GICs much less attractive. One of the best places to start is the Canadian Dividend Aristocrat list. These are companies that have raised the dividend for at least five consecutive years.

Several retail investors adopt a dividend growth strategy as a means to build strong and sustainable income. Many also depend on dividend companies in retirement and industrial stocks have some of the longest dividend growth streaks in the county.

Last week, we took a look at the many companies that either cut, or suspended the dividend. Thanks to recency bias, investors may not realize that the first quarter was also a strong one for dividend growth investors.

In the first quarter, 40 Canadian Dividend Aristocrats raised the dividend. Thus far, we have looked at telecoms, energy and financial stocks. Today, we look at a trio of industrial stocks which raised the dividend in the first quarter.

	Old	New	Percentage	Date
Canadian National Railway (TSX:CNR)(NYSE:CNI)	$ 0.5375	$ 0.575	6.98%	03/08/2020
Toromont Industries (TSX:TIH)	$ 0.27	$ 0.31	14.81%	03/08/2020
Stantec (TSX:STN)(NYSE:STN)	$ 0.145	$ 0.155	6.90%	03/29/2020

An economic bellwether

Railways are largely considered to be economic bellwethers. As they are responsible for shipping goods across the country, as the economy goes so too do railroad companies. In Canada, Canadian National Railway forms a duopoly with **Canadian Pacific Railway**.

Where CN Rail stands out however, is its dividend growth. With March's 6.98% raise, the company owns a 25-year dividend growth streak – the eighth longest streak in Canada. Over this period, CN Rail has typically raised by at least double digits. For its part, CP rail has a modest four-year streak and does not qualify as a Dividend Aristocrat.

This year's raise is lower than historical averages for a number of reasons. Low oil prices, the pandemic and the Wet'suwet'en blocades all led to negative rail volumes. That said, CN Rail's significant moat enables investors to generate safe and reliable income.

An equipment dealer

You might be surprised to know that **Toromont Industries** (TSX:TIH) owns the third longest dividend growth streak in Canada. The company's streak is now at 31 years, as it announced a 14.81% raise to the dividend this past March.

Toromont is an equipment and refrigeration dealer. It is one of the largest Caterpillar dealers in the country and provides service to the construction industry. The company's CIMCO segment designs and installs industrial and recreational refrigeration systems.

This industrial stock's 10-year dividend growth rate of 12.3% is among the highest of the Dividend Aristocrats. The fact it has been able to maintain double-digit dividend growth for such a long period makes it one of the best income stocks in the country.

A reliable engineering firm

Stantec (TSX:STN)(NYSE:STN) is an engineering and construction firm and operates in both the private and public sectors. On March 29, Stantec became one of the few Dividend Aristocrats to raise the dividends at the heart of the pandemic.

The 6.90% raise extends the company's growth streak to nine years. The dividend bump is also inline with historical mid-to-high single digit dividend growth. On a forward basis, the company's payout ratio is only 30%. Given this, investors can expect this industrial stock to continue its pace of dividend growth well into the future.

Are these Dividend Aristocrats a buy today?

All three of these companies are proving to be defensive options in today's environment. Through the end of March and pandemic lows, all of these Dividend Aristocrats outperformed the **S&P/TSX Composite Index**. In fact, they did so by at least double.

CN Rail's significant moat makes it one of the few stocks you can buy and forget for years to come. Similarly, Toromont is one of the best income stocks in the country.

As far as Stantec is concerned, it boasts the highest expected growth rates of all three. The expectation is for ~15% annual earnings growth over the next five years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:STN (Stantec Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:STN (Stantec Inc.)
5. TSX:TIH (Toromont Industries Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/08
Date Created
2020/06/18
Author
mlitalien