2 Top Dividend Stocks That Just Hiked Their Payouts Again

Description

If you're looking for an income-generating stock, you'll want to take into account dividend growth. While many stocks pay dividends, in most cases, those payouts aren't growing over the years. And that's problematic, because it means inflation will erode the real income you're earning over the years. With stocks that increase their dividend payments, however, those hikes will help offset the impact of inflation and could even put you in a better position overall. Here are two stocks that recently raised their dividend payments.

Telus

Telecommunications company **Telus** (TSX:T)(NYSE:TU) released its earnings for the third quarter this month, and its profit of $307 million declined 29% from the same period last year when its net income was $433 million. However, its operating revenue of $3.98 billion grew 7.7% year over year.

Despite the mixed results, the company remained committed to growing its payouts, announcing that it would increase its quarterly payments from $0.29125 to $0.3112 — a hike of 6.8%. Five years ago, the company was paying a dividend of $0.22, and the payouts have increased by more than 41% since then, averaging a compounded annual growth rate (CAGR) of 7.2%.

Telus plans to continue those dividend increases going, with president and CEO Darren Entwistle stating that "we are announcing the reinstatement of our multi-year dividend-growth program, now in its 10th year and targeting annual growth between seven and 10 per cent through 2022."

Investors who buy shares of Telus today will be earning a yield of 5.3%. The Vancouver-based telecom stock trades at a price-to-earnings (P/E) ratio of 20 a price-to-book (P/B) multiple of 2.5. Overall, it's not a terribly expensive stock given the versatility and great yield that it offers investors. Year to date, shares of Telus are down more than 7%, performing worse than the TSX, which has fallen 5% thus far in 2020.

Canadian Tire

Last week, retailer **Canadian Tire** (TSX:CTC.A) also announced a hike to its dividend to go along with a strong quarterly performance. For the third quarter, ending Sept. 26, the Toronto-based business reported sales of $4 billion, which rose 10% from the prior-year period. Canadian Tire reported that its comparable sales were up 18.9% and e-commerce did especially well, soaring 211% from the same period last year and hitting the $1 billion mark. The strong top-line performance led to an improved bottom line as well as the company's diluted earnings per share of $4.84 were 43% higher than they were a year ago.

Canadian Tire also announced that it would be raising its dividend payments for an 11th straight year. The company's dividend will be going up by 3.3%, paying investors $4.70 every year for each share that they own, which comes out to a quarterly payout of $1.175. That's more than double the $0.575 that the quarterly dividend that Canadian Tire was paying five years ago, and it's increased by an average CAGR of 15.4% during that time. However, the company's dividend yield of 3% is still less than what investors would be earning with Telus.

Canadian Tire also trades at similar multiples to Telus with a P/E of around 20 and a P/B of 2.4. Year to date, Canadian Tire stock is up over 11%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:T (TELUS)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/08/24
Date Created

2020/11/09
Author
djagielski