



## 2 Obscure Dividend Aristocrats Deliver Evergreen Income

### Description

The **Toronto Stock Exchange** teems with [dividend stocks](#), although Dividend Aristocrats merit investors' attention the most. Nearly all primary sectors, except technology, have representations in the prestigious list. However, not all Dividend Aristocrats are in the consciousness of income investors.

More anchors in stock portfolios belong in the energy and financial sectors, not to mention real estate. Industrial stocks **Ritchie Bros. Auctioneers** ([TSX:RBA](#))([NYSE:RBA](#)) and **Transcontinental** ([TSX:TCL.A](#)) are hardly priority options, but both could provide portfolio stability and evergreen income.

### Surviving COVID's disruption

Ritchie Bros. is cross-listed in the **New York Stock Exchange** and is one of [kiplinger.com's recommended Canadian dividend stocks](#) for American investors. The \$8.73 billion company has been around for 63 years. It's a renowned platform for buying and selling used and unused equipment for various industries.

Customers can buy agricultural tractors, cranes, construction machinery, farm equipment, and trucks, among others. Ritchie Bros. is present in more than 15 countries. It has 40 permanent auction sites on five continents. The company conducts auctions on multiple on-site and online selling platforms.

Ritchie's allied services include leasing & financing, insurance, shipping, and others. The global pandemic harmed the equipment supply environment, yet the company endured the crisis. In the first half of 2021, total revenue and net income grew 10% and 17%.

An important business highlight in Q2 2021 was the 34% sequential increase in the Business Inventory Management System (IMS) activations. Ritchie's CEO Ann Fandozzi said, "We are testing and learning more on how to service our customers digitally."

Despite the impressive financial results, Ritchie Bros. trades at a discount (-9.95% year to date). At \$79.09 per share, the dividend offer is a modest 1.59%. The company has increased its dividends for 18 consecutive years. Management increased quarterly dividends by 14% in Q2 2021.

## Long-term growth

Transcontinental is an obscure Dividend Aristocrat too. But unlike Ritchie Bros., this industrial stock is one of TSX's solid performers thus far in 2021 (+23.17%). At \$24.50 per share, you can relish the 3.67% dividend. The payments should be sustainable, given the 48.13% payout ratio.

The \$2.13 billion company is 45 years old and grew in the publishing world. Printing was the core business where magazine and newspaper publishing were the growth drivers. In 2006, Transcontinental diversified and ventured into French-language educational publishing and flexible packaging.

Today, Transcontinental is Canada's largest printing company and North America's leading flexible packaging company. It also dominates the country's specialty media space. While total revenue in Q2 fiscal 2021 (quarter ended April 25, 2021) was flat compared to Q2 fiscal 2020, Transcontinental's operating and net earnings increased 26.8% and 38.5%.

Its president and CEO François Olivier said, "We continued to generate very good results, with solid performance in our three sectors and a return to growth in our printing sector." However, he named the packaging sector as the main engine of long-term growth.

Olivier believes robust customer demand, new products, signed contracts, and the packaging segment's momentum would fuel organic growth in revenues. Lastly, Transcontinental earned Dividend Aristocrat status because of its [dividend-growth streak](#) of 19 years.

## Valuable additions

Ritchie Bros. and Transcontinental fly under the radar of income investors. Both Dividend Aristocrats are valuable additions to anyone's stock portfolio. If the respective businesses survived the economic downturn in 2020, expect them to thrive in Canada's economic recovery.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:RBA (Ritchie Bros. Auctioneers)
3. TSX:TCL.A (Transcontinental Inc.)

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