Screaming Buys: 2 Value Stocks That Increased Their Dividends

Description

This year has been tremendously upsetting for stock investors because market rallies are few and far between. Canada's primary stock exchange has been shaky due to geopolitical tensions, supply chain disruptions, and inflationary pressures. Despite closing above 20,000 for the first time in more than two months on August 12, 2022, the **TSX** remains vulnerable.

However, during times of uncertainty, mediocre stocks take the back seat while quality stocks emerge. If you're after value-for-money, **Exchange Income Corporation** (TSX:EIF), or EIC, and **Medical Facilities** (TSX:DR) are screaming buys today. Both companies reported impressive financial results in Q2 2022 and announced dividend increases.

Solid revenue and earnings growth

EIC investors are more than satisfied with their stock's 19.8% positive return year to date amid the uncertainties. Its CEO, Mike Pyle, said, "The work you do in the past defines your future. Throughout the pandemic EIC stayed true to its business model, maintaining a strong balance sheet, investing in its companies, acquiring companies that meet our criteria and empowering our people."

The $2 billion company has two core business segments, namely Aerospace & Aviation and Manufacturing. In Q2 2022, EIC achieved several milestones. The $529 million revenue and $30 million in net earnings were both record highs in the quarter, up 64% and 82%, respectively, versus Q2 2021.

Also, during the quarter, management increased its dividend (second consecutive quarter) by $0.12 per annum to $2.52. If you invest today ($48.93 per share), the dividend yield is a hefty 4.9%.

A cut above the rest

Medical Facilities is a cut above the rest, considering that health care (-47.9%) is the worst-performing sector as of Friday last week. This health care stock is actually outperforming the broader market, up

11.5% versus a decline of -4.9% for the TSX year to date. Also, at $10.25 per share, the dividend yield is a decent 3.14%.

The $331.7 million company operates in the United States and owns a diverse portfolio of high-rated, high-quality surgical facilities. Currently, its controlling interests are in four specialty surgical hospitals and one ambulatory surgery centre. Moreover, the ownership stakes in five more ambulatory surgery centres are in partnership with NueHealth LLC.

Medical Facilities has a unique setup because the company partners with physicians who have a say in operations. In the first half of 2022, total revenue and other income increased by 4.5% to $196.3 million versus the same period in 2021. While net income in FH 2022 declined 4.7% year over year, net income in Q2 2022 versus Q2 2021 jumped 87.6% to US$22.2 million.

Robert O. Horrar, President and CEO of Medical Facilities, said, “Our surgical case volumes continued to improve in the quarter, particularly in the month of June, when volumes exceeded June 2021 volumes by 8.1% and June 2019, which was before the pandemic, by 8.9%.”

However, higher labor costs and other operating expenses had an impact on profitability. Still, Horrar assures that cash flow and the balance sheet remain strong. During the quarter, management raised its dividend by 3.7% (annualized yield).

Undervalued

Dividend-paying value stocks Exchange Income and Medical Facilities deserve serious consideration. Despite the outperformance, the share prices aren’t commensurate with their intrinsic or real values.

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