The Morning Dividend

Daily dividend investing news from Sure Dividend

Kinder Morgan Hikes Dividend 25%

Kinder Morgan is notorious among dividend growth investors because of its 2016 dividend cut that reduced dividends paid to shareholders by $3.19 billion per year.

Lately, the company has been doing its best to make up for that decision. Kinder Morgan's April 17th earnings release saw the company approve a cash dividend of $0.25 per share, which was 25% higher than last quarter's dividend and exactly double the dividend that the company paid after its 2016 reduction.

Kinder Morgan's strong financial performance enabled the company to announce this dividend hike. The company reported first quarter net income of $556 million (up from $485 million last year) while distributable cash flow increased by 10%.

Kinder Morgan also announced that is paid down $1.3 billion of maturing bond debt with cash provided from the sale of the Trans Mountain pipeline. Indeed, balance sheet strength is a priority for Kinder Morgan. The company's founder and Executive Chairman Richard D. Kinder made the following statement in conjunction with its earnings release:

"We continue to maintain a strong balance sheet and have been upgraded by two of the three ratings agencies. We are well positioned for a successful 2019 and remain on positive outlook for an upgrade by Fitch later in the year."

Overall, it was a solid quarter from Kinder Morgan. Despite the company's poor dividend history, we believe that it has solid total return potential. Kinder Morgan earns a buy recommendation from Sure Dividend at current prices.

Philip Morris: 15% Adjusted Diluted EPS Growth

Philip Morris (PM) posted strong first quarter results yesterday. The biggest headline was 15% adjusted earnings-per-share growth for the first quarter of fiscal 2019.

Amazingly, Philip Morris cigarette and heated tobacco volume *increased by 1.1%*. The company's growth in a decllining market is impressive.

Philip Morris' management also updated the company's fiscal 2019 guidance, calling for adjusted earnings-per-share growth of 8% on a constant currency basis.

The company's stock currently has a dividend yield of 5.3%. Philip Morris is trading for a price-to-earnings ratio of 16.7 using expected fiscal 2019 adjusted earnings-per-share of $5.09 (which is in-line with the company's guidance). This is just a shade above our fair value price-to-earnings estimate of 16.5.

We expect Philip Morris to manage earnings-per-share growth of around 6% annually over the next 5 years. This growth combined with the securities 5%+ yield makes the security a reasonable buy at current prices.

American Express: Earnings Beat, Revenue Miss

April 18th saw American Express report first quarter revenues of $10.4 billion (up 7% year-on-year) and adjusted earnings-per-share of $2.01 (up 8% year-on-year). Many financial media outlets are calling this a revenue "miss"; however, consensus estimates called for revenue of $10.46 billion. We prefer to think of this as a rounding error.

Aside from continued strong credit quality, cardholder additions, and loan growth, the main news from American Express' first quarter was the extension of its partnership with Delta Air Lines. The company's CEO, Stephen J. Squeri, made the following statement regarding the partnership:

"During the quarter, we signed an extension of our partnership with Delta Air Lines that will take us to 2030. Delta is our largest cobrand partnership, and it's one of the most valuable portfolios in the industry. Spending on our Delta cobrand products has grown by double digits annually for the past several years, and together we've acquired more than 1 million new accounts in each of the past two years. The partnership contributes significant revenue and earnings to both companies and, from a customer and shareholder perspective, we feel great about the opportunity it represents."

American Express also reaffirmed 2019 guidance for both revenue (8%-10% growth) and adjusted earnings ($7.85 - $8.35). Based on these metrics, the company looks quite attractive and accordingly earns a buy recommendation from Sure Dividend today. American Express also stands out by earning an A rating (safest) for Dividend Safety.

Unilever Is Winning In Emerging Markets

Unilever is primarily known as a branded consumer package goods giant with tepid growth but a solid dividend yield. This was largely confirmed with the company's first quarter earnings release, which saw the company report underlying sales growth of 3.1%. However, one segment of the company's business bucked this trend.

That segment is emerging markets, which saw much better underlying sales growth of 5.0% - the strongest growth out of any of its acquisitions.

Elsewhere, Unilever's growth was roughly as expected:

- Beauty & Personal Case: 3.1% sales growth
- Home Case: 6.0% sales growth
- Food & Refreshment: 1.5%

Unilever's overall performance beat analyst expectations and shares rose by 2.4% following the announcement. Despite the company's strong quarterly performance, Unilever appears to offer mid-single-digit return potential at current prices, so the company only earns a hold recommendation from Sure Dividend today.

Snap-on Snaps Up an Earnings Beat

Snap-on – the manufacturer of tools, equipment, diagnostics, and repair systems – reported excellent first quarter earnings on April 18th.

On the top line, net sales decreased by 1.5%, reflecting a headwind from foreign exchange fluctuations. Organic sales actually grew 1.4%.

It was on the bottom line that Snap-on's performance really shined. The company generated $3.01 of adjusted earnings-per-share, up 7.9% from the $2.79 reported in the same period a year ago. Remarkable, this was $0.11 higher than analyst consensus estimates of $2.90.

Snap-on shares surged following the earnings release, closing the day 6.5% higher. We believe the company is attractive for long-term buy-and-hold investors, and it continues to earn a buy recommendation after its recent earnings release.

New Sure Dividend Articles & Videos

- Article: April 2019 List of All 39 Monthly Dividend Stocks
- Video: The Best DRIP Stocks: 15 No-Fee Dividend Aristocrats

The Sure Analysis Research Database Weekly Update

The current top 10 stocks in the Sure Analysis Research Database with A ratings for Retirement Suitability are:

1. AbbVie Inc. (ABBV)
2. Tanger Factory Outlet Centers Inc. (SKT)
3. Cardinal Health Inc. (CAH)
4. WestRock Co. (WRK)
5. Bank OZK (OZK)
6. The Bank of Nova Scotia (BNS)
7. Walgreens Boots Alliance Inc. (WBA)
8. CVS Health Corp. (CVS)
9. Eaton Vance Corp. (EV)
10. AT&T Inc. (T)

We added 4 new securities to the Sure Analysis Research Database since last week's update:

1. Blackstone Mortgage Trust Inc. (BXMT)
2. Office Properties Income Trust (OPI)
3. Square Inc. (SQ)
4. Xcel Energy Inc. (XEL)

We also added quarterly updates on the following 34 securities since last week's update:

1. Abbott Laboratories (ABT)
2. Alaska Air Grp. Inc. (ALK)
3. Bank of America Corp. (BAC)
4. Bank OZK (OZK)
5. BlackRock Inc. (BLK)
6. Broadcom Inc. (AVGO)
7. China Mobile Ltd (CHL)
8. Citigroup Inc. (C)
9. Comerica Inc. (CMA)
10. Community Trust Bancorp Inc. (CTBI)
11. Constellation Brands Inc. (STZ)
12. CSX Corp. (CSX)
13. Delta Air Lines Inc. (DAL)
14. Fastenal Co. (FAST)
15. Genesis Energy LP (GEL)
16. H.B. Fuller Co. (FUL)
17. Infosys Ltd (INFY)
18. JPMorgan Chase & Co. (JPM)
19. KeyCorp (KEY)
20. MercadoLibre Inc. (MELI)
21. PepsiCo Inc. (PEP)
22. Philip Morris Intl. Inc. (PM)
23. Popular Inc. (BPOP)
24. RPM Intl. Inc. (RPM)
25. Shaw Communications Inc. (SJR)
26. Spark Energy Inc. (SPKE)
27. Sprint Corp. (S)
28. The Bank of New York Mellon Corp. (BK)
29. The Blackstone Grp. LP (BX)
30. The Goldman Sachs Grp. Inc. (GS)
31. U.S. Bancorp (USB)
32. UnitedHealth Grp. Inc. (UNH)
33. Vale SA (VALE)
34. Wells Fargo & Co. (WFC)

If there are any specific companies you'd like added to the Sure Analysis database, let us know here. The more requests a security gets, the higher higher a priority it becomes for us.