Top 10 Dividend Elite

Top Dividend Picks With 25+ Years of Rising Dividends

February 2025 Edition

A monthly special report service from Sure Dividend

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Top 10 Dividend Elite – February 2025

Name & Ticker	Div. Risk Score	Price	Fair Value	# Years Div. Inc	Div. Yield	Exp. Growth Return	Exp. Value Return	Exp. Total Return
SJW Group (SJW)	A	$50	$71	57	3.4%	8.0%	7.4%	18.1%
California Water (CWT)	A	$45	$66	58	2.7%	5.0%	8.1%	15.3%
Hormel Foods (HRL)	A	$30	$37	59	3.8%	7.0%	4.0%	13.9%
The Andersons (ANDE)	A	$42	$60	29	1.9%	4.0%	7.6%	13.2%
Nordson (NDSN)	A	$221	$240	61	1.4%	10.0%	1.7%	13.0%
Tennant (TNC)	A	$87	$108	54	1.4%	7.0%	4.4%	12.7%
Johnso & Johnson (JNJ)	A	$153	$184	62	3.2%	6.0%	3.8%	12.5%
Archer-Daniels-Mid. (ADM)	A	$52	$70	51	3.9%	3.0%	6.3%	12.3%
Gorman-Rupp (GRC)	A	$39	$41	52	1.9%	9.0%	1.0%	11.5%
Becton, Dickinson (BDX)	A	$248	$274	53	1.7%	8.0%	2.0%	11.4%

Notes: *Data for the table above is from the 1/31/25 spreadsheet of our Sure Analysis Research Database. "Div." stands for Dividend. "# Years Div. Inc" shows the consecutive years of dividend growth. "Exp." Stands for Expected. Expected returns are annualized and based on 5-year forward projections. Data in the table above may be different than individual company analysis pages due to writing the company reports throughout the previous several days.*

Disclosures: *Sure Dividend's Real Money Portfolio is long SJW, ADM, & GRC. Ben Reynolds is long JNJ.*

There were 3 changes in this month's Top 10 versus last month's Top 10. Farmers & Merchants Bancorp (FMCB), Bank OZK (OZK), and PPG Industries (PPG) were replaced by Johnson & Johnson (JNJ), Archer-Daniels-Midland (ADM), and Gorman-Rupp (GRC).

The Top 10 has the following average characteristics:

	Top 10 Dividend Elite	**S&P 500[1]**
Dividend Yield:	2.5%	1.2%
Growth Rate:	6.7%	5.5%
Valuation Return:	4.6%	-1.7%
Expected Annual Total Returns:	13.4%	4.9%

Please keep reading to see detailed analyses on the Top 10 Dividend Elite.

Note: Data for this report is from 1/28/25 through 1/31/25.

[1] The S&P 500 valuation return uses the average P/E of the last 10 years for a fair value estimate.

SJW Group (SJW)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 18.1%

Overview & Current Events

SJW is a water utility services provider in the United States. It operates in two segments: Water Utility Services, and Real Estate Services. The company engages in production, purchase, storage, purification, distribution, and selling of water and wastewater services. The company has ~403,000 connections serving over 1.6 million people in California, Connecticut, Maine, and Texas. SJW is the product of a series of mergers over the decades, and the dividend increase streak stands at 57 years, making it a Dividend King. The stock's market cap is $1.7 billion.

On October 28th, 2024, SJW Group released its Q3 results for the period ending September 30th, 2024. Revenue for the quarter rose by 9.9% to $225.1 million, topping estimates by $11.6 million. Earnings-per-share came in at $1.18, up from $1.13 in the previous year, and exceeded expectations by $0.04.

SJW Group reaffirmed its prior outlook for 2024 as well, with the company still expecting earnings-per-share in a range of $2.68 to $2.78 for the year. At the midpoint, this would be a 1.9% increase from the prior year.

On January 29th, 2025, SJW boosted its quarterly dividend 5.0% to $0.42/share. This is the company's 57th consecutive annual dividend increase.

Safety & Dividend Risk Analysis

As a water utility, SJW benefits from strong competitive advantages within the geographical locations in which it operates. The company also benefits from providing water which is perhaps the most essential of all utility services. SJW performed well in 2020 during the worst of COVID, with earnings-per-share increasing, although they did dip in 2021 before rebounding strongly in 2022. The dividend remained covered by earnings every year through both the Great Recession and the turbulent COVID period.

The stability and long-term growth of the company is evidenced by its 57-year streak of consecutive dividend increases. The stock has a 62% payout ratio of expected 2024 earnings, which is reasonable for a utility. We view the dividend as very safe.

Growth, Value & Expected Total Return Analysis

SJW has maintained profitability but seen volatile earnings over the last decade. Earnings-per-share peaked at $2.86 in 2017, hit a low of $1.35 in 2019, and were $2.68 in 2023. We see 8.0% growth going forward, driven by continued population growth in its service areas, but also rate adjustments afforded by local municipalities to support infrastructure investment.

With 8.0% projected growth, a 7.4% tailwind from valuation multiple expansion (we see SJW as undervalued based on its 18.2 price-to-earnings ratio (P/E) versus our 26.0 P/E estimate), and the 3.2% dividend yield, we forecast total annual returns of 18.1% for SJW going forward.

California Water Service Group (CWT)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 15.3%

Overview & Current Events

California Water Service is the 4th largest publicly owned water utility in the United States based on its $2.7 billion market cap. The company has six subsidiaries that provide water to about two million people, mainly in California, with some additional operations in Washington, New Mexico, and Hawaii. California Water Service was founded in 1926 and has increased its dividend for 58 consecutive years, making it a Dividend King.

On October 31st, 2024, California Water Service released its third-quarter earnings results for the period ending September 30th, 2024. The company reported operating revenues of $300 million for the quarter, representing an 18% increase compared to the same quarter last year. This performance exceeded analysts' forecasts. Revenue growth was attributed to rate increases over the past year and higher accrued unbilled revenue compared to the previous year's quarter. The company also EPS of $1.03 for the quarter, falling slightly short of analysts' expectations. Based on current estimates, the company's profits for 2024 are projected to reach a record high, projected close to $3.30.

On January 29th, 2025, California Water Service announced a $0.30/share quarterly dividend. This 7.1% increase marks the company's 58th consecutive year of dividend increases. In addition, the company's management also announced a $0.04/share one-time special dividend for stockholders of record as of February 10th, 2025.

Safety & Dividend Risk Analysis

California Water Service offers a safe and reliable investment case, supported by its status as a regulated utility. With little exposure to competition and a business model resilient to recessions, the company benefits from predictable demand for fresh water, regardless of economic conditions.

While weather and temperature can impact results, these factors are typically manageable over the long term. California Water Service has maintained a disciplined payout ratio of 40% to 70% of net profits throughout much of the past decade, with last year as an outlier due to a payout ratio above 100%. With earnings rebounding in 2024, the dividend is sustainable again and the ratio is now just 36%. SJW's more than five decades of dividend growth adds to the company's appeal as a stable and dependable investment.

Growth, Value & Expected Total Return Analysis

Between 2014 and 2022, California Water Service grew its EPS by 5% annually, a solid rate for a utility. EPS declined in 2023 due to one-time effects, but we expect mid-single-digit growth to continue, backed by rate hikes. We also expect 2024 to be the highest EPS year in the company's history.

Shares now trade at a price-to-earnings ratio of 13.5. Our target multiple stands at 20.0 times earnings. Reaching our target valuation by 2029 would contribute 8.2% to annual returns. We project total annual returns of 15.3% through 2029, driven by 5.0% EPS growth, the 2.5% dividend yield, and the 8.2% annual tailwind from a P/E expansion.

Hormel Foods Corp. (HRL)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 14.1%

Overview & Current Events

Hormel Foods was founded in 1891 in Minnesota. Since then, the company has grown into a $17 billion market cap company in the food products industry with about $12 billion in annual revenue. Hormel has kept its core competency as a processor of meat products for more than a century but has also expanded into other business lines through acquisitions. The company sells its products in 80 countries worldwide. Its brands include Skippy, SPAM, Applegate, Justin's, and more than 30 others. In addition, Hormel is a member of the Dividend Kings, with 59 consecutive years of dividend growth.

Hormel posted fourth-quarter earnings on December 4th, 2024. Revenue dipped 2% over the prior year's quarter while the operating margin remained flat at 9.8%. Net sales in retail decreased 4%, more than offsetting a 1% increase in foodservice. Earnings-per-share remained flat at $0.42, in line with the analysts' estimates.

Management provided guidance for 1%-3% growth of organic sales in 2025 and annual earnings-per-share of $1.58-$1.72. We expect earnings-per-share of $1.67, slightly above the midpoint of the guidance.

Safety & Dividend Risk Analysis

Hormel's main competitive advantage is its portfolio of about 40 products that are either #1 or #2 in their category. Hormel has brands that are proven, and that leadership position is difficult for competitors to supplant. In addition, Hormel has a global network of distributors that few food companies can rival. Hormel's earnings-per-share actually grew during the Great Recession while most of the world was in rather dire straits, a testament to the company's defensive business model.

However, Hormel has failed to grow consistently – earnings-per-share in 2016 of $1.64 were higher than 2024's mark of $1.58. As a result, the stock is trading around levels it was at in late 2017, and Hormel's dividend yield is significantly elevated relative to its historical average. The payout ratio is fairly high, at 69%, but the dividend is covered by free cash flows. With that said, thanks to its strong balance sheet and its resilient business model, the company is likely to keep growing its dividend (at a slow pace) ahead.

Growth, Value & Expected Total Return Analysis

Hormel has grown its earnings-per-share by 2.0% per year on average over the last decade. We believe the company will soon rebound from its multi-year growth doldrums. Given the fairly low comparison base this year, we assume 7.0% growth of earnings-per-share over the next five years, largely from acquisitions and efficiency improvements.

Hormel is currently trading for a price-to-earnings ratio of 18.1. We believe 22.0 is a fair earnings multiple. As a result, we expect valuation multiple expansion to add 4.2% to expected total returns over the next 5 years. Given also 7.0% expected growth and a 3.8% dividend yield, the stock is expected to offer a total average annual return of 14.1% over the next 5 years.

The Andersons Inc. (ANDE)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 13.0%

Overview & Current Events

The Andersons is a North American agriculture company with three primary segments: Trade, Renewables, and Nutrient & Industrial. The Trade segment handles commodity merchandising and operates terminal grain elevators, contributing over 70% of its sales last year. The Renewables segment focuses on producing, purchasing, and selling ethanol and related coproducts. The Nutrient & Industrial segment provides agricultural inputs, fertilizers, turf care, and corncob-based products. Founded in 1947, The Andersons has around 2,300 employees and a market value of $1.4 billion.

On November 4th, 2024, The Andersons announced its Q3 results for the period ending September 30th, 2024. Revenue was $2.62 billion, down from $3.64 billion in the prior year, due to weaker commodity prices and market sluggishness. Net income rose to $27 million ($0.80 per share) from $10 million ($0.28 per share) in Q3 2023.

The Renewables segment earned $53 million in pretax income, up from $47 million in the prior year, due to better ethanol yields and plant efficiency. The Nutrient & Industrial segment posted a $6 million pretax loss, an improvement from the $8 million loss in the prior year, aided by strong engineered granule sales. The Trade Group recorded $26 million in pretax income and $23 million in adjusted pretax income, significantly up from $8 million and $5 million in the prior year, respectively, due to improved market conditions. Management affirmed its $475 million adjusted EBITDA target for FY2026.

On December 12th, 2024, The Andersons raised its quarterly dividend by 2.6% to $0.195.

Safety & Dividend Risk Analysis

The Andersons' competitive advantage lies in its significant scale, strong brand power, and diversified business model, which have enabled the company to perform resiliently even during economic downturns. Leveraging its extensive operations across agriculture, rail, and plant nutrient sectors, The Andersons has built a robust supply chain that helps mitigate risk during recessions. Moreover, the company's focus on essential industries allowed it to sustain growing sales and solid EBITDA during both the Great Financial Crisis of 2008-2009 and the COVID-19 pandemic. The Andersons should keep benefiting from the predictable demand for agricultural and logistical products. Its payout ratio also stands at a healthy 26%.

Growth, Value & Expected Total Return Analysis

The Andersons has a solid track record in volatile markets, supported by experienced trading, logistics, and operations. Critical growth drivers include rising global demand, product innovation, and M&A in fertilizers. We project 4.0% annual earnings-per-share (EPS) growth over the next five years. We thus see total annual return potential at 13.0%, which can be attributed to the 4.0% growth rate, the current 1.9% starting dividend yield, and a valuation tailwind of 7.4%. The stock trades for just 14.0 times this year's EPS estimate, which is well below our estimate of fair value at 20.0 times earnings.

Nordson Corp. (NDSN)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 13.2%

Overview & Current Events

Nordson was founded in 1954 in Amherst, Ohio, by brothers Eric and Evan Nord, but the company can trace its roots back to 1909 with the U.S. Automatic Company. Today the company has operations in over 35 countries and engineers, manufactures, and markets products used for dispensing adhesives, coatings, sealants, biomaterials, plastics, and other materials, with applications ranging from diapers and straws to cell phones and aerospace. Nordson has a market capitalization of $13 billion and generates annual revenues of $2.7 billion.

On August 14th, 2024, Nordson raised its quarterly dividend by 14.7%, from $0.68 to $0.78. As a result, it has now raised its dividend for 61 consecutive years.

On December 11th, 2024, Nordson reported fourth-quarter results for the period ending October 31st, 2024. The company grew its sales 4% over the prior year's quarter thanks to a positive acquisition impact, which offset an organic decrease of 3%. Industrial Precision saw sales decrease by 3%, while the Medical and Fluid Solutions, and Advanced Technology Solutions segments grew sales 19% and 5%, respectively. The company grew its adjusted earnings-per-share 3% over the prior year's quarter.

Management provided guidance for annual sales of $2.75-$2.87 billion in fiscal 2025, implying 2.0%-6.5% growth, and adjusted earnings-per-share of $9.70-$10.50, implying 4% growth at the midpoint.

Safety & Dividend Risk Analysis

Nordson's main competitive advantage is its enormous installed base of customers around the world. The company provides niche, but critical, pieces involved in a variety of manufacturing processes. As a result, it is difficult for competitors to grasp market share from Nordson. Of course, this does not mean that Nordson is immune to recessions. During the Great Recession, earnings-per-share fell 32%, before rebounding strongly.

Nordson has raised its dividend for 61 consecutive years. This is one of the longest dividend growth streaks in the investing universe. Thanks to its low payout ratio (31%), strong balance sheet, and growth prospects; Nordson is likely to keep raising its dividend for many more years. On the other hand, the stock's 1.5% dividend yield is fairly low.

Growth, Value & Expected Total Return Analysis

Nordson offers best-in-class technology that boosts client output while lowering costs. The company has grown its earnings-per-share by 12% per year on average over the last decade and has ample room for future growth. We expect 10.0% average annual growth of earnings-per-share over the next five years.

The stock is currently trading at 21.7 times its expected earnings in 2025. If it reverts to its 10-year average P/E ratio of 24.0 over the next five years, it will enjoy a 1.8% annualized valuation gain. Given also 10.0% earnings growth and a 1.4% dividend, the stock can offer a 13.2% total annual return over the next five years.

Tennant Co. (TNC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 12.7%

Overview & Current Events

Tennant is a global leader in cleaning equipment, offering products like floor scrubbers and sweepers for industries such as retail, manufacturing, and healthcare. Known for its innovation, including autonomous cleaning machines and eco-friendly solutions, Tennant holds a leading market position in the U.S. and operates in over 100 countries worldwide.

On October 31st, 2024, Tennant reported its third-quarter earnings for the period ending September 30th, 2024. Revenues for the quarter came in at $316 million, representing a 4% increase compared to the same period last year. This result also marked a modest improvement over the previous quarter's year-over-year revenue growth trend. Yet, the reported revenue fell short of analyst expectations.

Tennant posted adjusted earnings-per-share (EPS) of $1.39, also falling short of analyst forecasts and reflecting a 10% decline compared to last year. For FY2024, management sees adjusted EPS in the range of $6.15 to $6.55. At the midpoint of $6.35, this would indicate a decline from the $6.57 EPS recorded in 2023. Despite this outlook, Tennant has a track record of exceeding its guidance, which could offer some optimism for investors.

On November 1st, 2024, Tennant raised its dividend by 5.4% to a quarterly rate of $0.295.

Safety & Dividend Risk Analysis

Tennant's dividend safety has improved since the financial crisis when its payout ratio was relatively high due to below-average profitability. Over the past decade, the payout ratio has steadily declined to more sustainable levels, currently sitting at about 19% for 2024, based on the midpoint of management's guidance for the year.

While the company remained profitable during economic downturns like the financial crisis and the COVID-19 pandemic, its earnings did suffer, as a result of its exposure to macroeconomic conditions. Still, with its leading position in the U.S. cleaning machines market, Tennant benefits from economies of scale, and the current payout ratio suggests a secure dividend. Note that Tennant's 54-year track record of dividend growth highlights the company's ability to thrive through various economic conditions over the decades.

Growth, Value & Expected Total Return Analysis

Tennant's EPS growth was rather weak and volatile until 2020, due to acquisition costs and economic challenges. Post-2020, EPS started to increase due to demand recovery, improved operational efficiencies, cost controls, and the successful integrations post-M&A. These factors, along with a more favorable market environment, drove notable earnings growth, with EPS hitting a record $6.57 last fiscal year. We project EPS growth of 7.0% from Tennant's FY2024 EPS base estimate of $6.35.

With 7.0% projected growth, a 4.4% tailwind from valuation multiple expansion (we see TNC as undervalued based on its 13.7 price-to-earnings ratio versus our 17.0 fair value price-to-earnings ratio estimate), and a 1.4% dividend yield, we forecast total annual returns of 12.7% for TNC going forward.

Johnson & Johnson (JNJ)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 12.5%

Overview & Current Events

Johnson & Johnson is a diversified healthcare company recognized as a leader in innovative medicines, medical devices, and consumer health products. Founded in 1886, it has grown to employ over 131,000 people worldwide, serving customers in over 60 countries. With a market cap of $361 billion, Johnson & Johnson ranks among the 30 largest publicly traded companies in the United States.

On January 13th, 2025, Johnson & Johnson agreed to acquire Intra-Cellular Therapies (ITCI) for $132 per share in cash, valuing the deal at $14.6 billion. Expected to close this year, the acquisition strengthens J&J's neuroscience portfolio with CAPLYTA for schizophrenia and a pipeline targeting anxiety and Alzheimer's.

On January 22nd, 2025, Johnson & Johnson announced its Q4 and full year results for the period ending December 31st, 2024. Quarterly revenue rose 5.1% to $22.5 billion, beating estimates by $50 million. Adjusted EPS came in at $2.04 and beat expectations by $0.02 but was down from $2.29 last year. Annual revenue grew 4.3% to $88.8 billion, while adjusted EPS inched up to $9.98. Results included acquisition-related cost adjustments.

Excluding Covid-19 vaccine sales, Q4 revenue grew 5.5%. Innovative Medicines rose 4.4% (6.5% ex-FX), while Infectious Disease fell 9.2% due to a decline in vaccine sales. Oncology jumped 19%, driven by Darzalex gains. Immunology declined, with Stelara hit by inventory issues and EU biosimilar competition. MedTech grew 6.7% (7.6% ex-FX), while Cardiovascular surged 23.6% on strong electrophysiology and new products.

Johnson & Johnson projects 2025 revenue of $90.9 to $91.7 billion and adjusted EPS of $10.75 to $10.95.

Safety & Dividend Risk Analysis

Healthcare is typically seen as a defensive sector as these products are often in demand even in economic downturns. Johnson & Johnson has navigated recessions very well, as evidenced by its 21% increase in earnings-per-share from 2007 to 2009. The company did struggle slightly during the worst of the COVID-19 pandemic but established a new high for earnings-per-share in 2021.

Johnson & Johnson has increased its dividend for 62 consecutive years, which is one of the longest dividend growth streaks in the market. The projected payout ratio for 2025 is a very reasonable 46%. We expect the growth streak to continue for the long run.

Growth, Value & Expected Total Return Analysis

Johnson & Johnson grew EPS at a rate of 6.9% annually over the last decade. We forecast earnings growth of 6.0% per year through 2030. Shares trade at 14.1 times earnings, below our 17.0 target P/E. Reaching this valuation would add 3.8% to annual returns. Therefore, we expect Johnson & Johnson to return 12.5% annually over the next five years, driven by 6.0% earnings growth, a 3.2% yield, and multiple expansion.

Archer-Daniels-Midland Co. (ADM)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 12.3%

Overview & Current Events

Archer-Daniels-Midland, the largest publicly traded farmland products company in the U.S., plays a key role in the global agricultural industry. ADM processes grains and oilseeds into food, animal feed, industrial, and energy products. It refines vegetable oils for food and biodiesel and converts grains like corn, wheat, and rice into various food ingredients. Founded in 1902, ADM has a market cap of $24.7 billion.

On November 18th, 2024, Archer-Daniels-Midland released its Q3 results for the period ending September 30th, 2024. Revenue decreased 8%, while earnings-per-share declined 33% compared to last year, from $1.63 to $1.09, in line with the analysts' estimates.

The Ag Services & Oilseeds segment posted a 43% decline in operating profit due to weaker South American margins and lower biodiesel profitability. The Carbohydrate Solutions segment was relatively stable, with a 3% drop in profit, driven by strong starch and sweetener performance offset by lower ethanol margins. The Nutrition segment faced a 19% decline in operating profit, primarily in the Human Nutrition subsegment due to increased costs and operational challenges. Earnings have declined 32% in the first nine months of this year due to soft demand.

Looking ahead, ADM remains confident in its full-year outlook, supported by expected margin gains, particularly in crush and ethanol. Management reaffirmed its guidance for adjusted EPS of $4.50-$5.00 this year. Given management's tendency to issue cautious guidance, we expect EPS to be about $5.00 this year, implying a 29% decline from the previous year.

The company will report Q4 and full-year earnings on February 4th, after market close.

Safety & Dividend Risk Analysis

ADM is the largest corn processor in the world, enjoying economies of scale and efficient production and distribution. With an unparalleled global processing and procurement footprint, ADM has raised its dividend for 51 consecutive years. Although its results are impacted by commodity price volatility, the company has historically performed well during recessions. EPS rose in both 2008 and 2009 through the Great Recession and again in 2020 and 2021 during COVID. Also, despite recent earnings compression, the payout ratio remains healthy at 40%. Hence, we consider the dividend to be safe.

Growth, Value & Expected Total Return Analysis

Archer-Daniels-Midland shares currently trade at 10.3 times our EPS estimate, below our fair value price-to-earnings ratio of 14.0. If the stock converges to this fair valuation over the next five years, annual returns would increase by 6.3%.

Further, we project 3.0% annual EPS growth for ADM over the same period, supported by moderate industry growth prospects. This growth, combined with a 3.9% starting dividend yield and the potential for 6.3% valuation expansion, results in an expected annual total return of 12.3% over the next five years.

The Gorman-Rupp Co. (GRC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 11.5%

Overview & Current Events

Gorman-Rupp is a manufacturing company that began operations more than 90 years ago. Since then, Gorman-Rupp has grown into a niche industry leader in pumps and pump systems, with annual revenues of nearly $660 million and a market capitalization of $1.02 billion. It generates about one-third of its revenue from outside the U.S., introducing some diversification, but also currency translation risk. Gorman-Rupp also has an extremely impressive dividend increase streak of 52 years, making it a member of the highly prestigious Dividend Kings.

On October 25th, 2024, Gorman-Rupp posted Q3 results, with numbers coming in weaker than expected on both the top and bottom lines. Adjusted earnings-per-share came to 49 cents, but that was six cents light of estimates. Revenue was essentially flat year-over-year at $168 million and missed expectations by over $4 million. The rather flat top-line performance was due to pricing increases that offset a decline in volumes.

Gorman-Rupp's operating income rose 110 basis points year-over-year to 14.2% of sales ($24 million). Adjusted EBITDA increased to $32 million (19% of sales), up from $30.5 million (18.2%) a year ago.

On the same day, Gorman-Rupp raised its dividend by 2.5% to a quarterly rate of $0.185.

The company will report Q4 and full-year earnings on February 7th, before market open.

Safety & Dividend Risk Analysis

Gorman-Rupp's outstanding record of over five decades of dividend hikes highlights the strength of its dividend safety. This stability is largely driven by the company's robust long-term earnings growth and a reasonable payout ratio of 41% of earnings. This blend of prudent payout management and sustained earnings expansion suggests a promising future for continued dividend growth.

While Gorman-Rupp is somewhat sensitive to economic downturns and may feel the impact of recessions, the company has demonstrated resilience by maintaining and increasing its dividend through every economic cycle since the 1970s.

Growth, Value & Expected Total Return Analysis

Gorman-Rupp's earnings volatility remains a potential concern, but it's worth noting that, over time, its earnings growth has been outstanding. We expect 9% growth in EPS going forward for now. We believe this can be powered by high single-digit sales growth and a gradual margin expansion after their recent compression. Specifically, the company's backlog should sustain rather predictable sales ahead. In the meantime, management is focusing on cost containment efforts, which should support margin recovery.

The stock is currently trading at 21.7 times our expected earnings-per-share of $1.80 for 2024. This is below our target price-to-earnings ratio of 23 times, suggesting a 1.0% annual tailwind to annual results from multiple expansion. Along with a starting yield of 1.9%, Gorman-Rupp is expected to return 11.5% annually over the next five years.

Becton, Dickinson & Co. (BDX)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 11.6%

Overview & Current Events

Becton, Dickinson & Co., founded in 1897, is a global leader in medical supplies with 75,000 employees across 190 countries. Generating about $20 billion in revenue annually, 43% of its revenue comes from international markets. BDX operates in three segments: Medical (needles, surgical blades), Life Sciences (diagnostic specimen products), and Intervention (formerly Bard products).

On November 7th, 2024, BDX posted its Q4 results for the period ending September 30th, 2024. Revenue for the quarter grew 7% over the prior year's quarter due to 8.3% growth in the U.S. and 5.1% growth in international markets. Earnings-per-share (EPS) increased 11%, from $3.42 to $3.81, and exceeded the analysts' estimates by $0.04. Notably, the company has beaten the analysts' estimates in 19 of the last 20 quarters. BDX projects FY2025 revenue of $21.9-$22.1 billion (11% growth) and EPS of $14.25-$14.60 (10% growth). Our EPS estimate of $14.43 aligns with this outlook.

On December 16th, 2024, BDX announced a $175 million settlement with the SEC about past public disclosures and reporting linked to the BD Alaris™ System, acquired in 2015. While BD neither admits nor denies the findings, the payment was already reserved in its FY2024 financials and does not impact its FY2025 guidance or innovation investments.

BDX' Q1 2025 earnings release goes live February 6th, 2025.

Safety & Dividend Risk Analysis

BDX has shown remarkable resilience during recessions, owing to the essential nature of its products. Even in the toughest economic conditions, medical expenses are a necessity. During the 2020 recession triggered by the pandemic, BDX experienced only a 13% dip in EPS. This stability has enabled the company to raise its dividend for 53 consecutive years, earning it the prestigious title of Dividend King, with one of the longest dividend growth streaks in the investing world.

With a low payout ratio of just 29%, a defensive business model, and promising growth prospects, BDX is well-positioned to continue increasing its dividend for many years to come. While the current dividend yield of 1.7% is modest, the company's consistent growth offers long-term rewards for investors.

Growth, Value & Expected Total Return Analysis

BDX has consistently grown its EPS, in 7 of the last 9 years, at a 7.0% average annual rate. Growth has been fueled primarily by acquisitions. Thanks to its sustained business momentum and our expectations for continued, accretive acquisitions, we expect 8.0% growth in EPS until 2030.

BDX is trading at a price-to-earnings ratio of 17.1, which is lower than our assumed fair earnings multiple of 19.0. If the stock trades at its fair valuation level in five years, it will enjoy a 2.1% annual valuation tailwind. Given also 8.0% projected earnings growth and a 1.7% dividend yield, we forecast total annual returns of 11.6% over the next five years.

Ranking Procedure

The method we use to compute the rankings for the Top 10 Dividend Elite is as follows:

Note: Rankings are done using *Sure Analysis Research Database* data from between 2 and 5 days before the publication of the Top 10 Dividend Elite special report in order to allow for analysis and publication of the report.

1. Filter for securities with 25+ years of consecutive dividend increases with a Dividend Risk Score of "A" and expected total returns of 10% or higher.
2. Sort by expected total returns (the higher the better).
3. If there are fewer than 10 securities, repeat the procedure for securities with a Dividend Risk Score of "B."
4. If there are still fewer than 10 securities, repeat the steps above with a minimum expected total return threshold of 9%.
5. If there are still fewer than 10 securities, continue reducing the minimum expected total return threshold by 1 percentage point and redo steps 1 through 3 until we have 10 securities.

Note: We will veto securities as necessary from our Top 10 based on qualitative analysis. We also remove international securities from the Top 10.

To receive an A Dividend Risk Score, a security must be in the top 20% for dividend safety. To receive a B Dividend Risk Score, a security must be in the top 40% for dividend safety. The formula for the Dividend Risk Score is below:

Dividend Risk Score (Raw) = Payout Ratio x 100 – # Years of Steady or Rising Dividends + 50 if deemed risky during a recession

We view securities with A and B Dividend Risk Scores as generally having secure dividends that are very unlikely to be reduced in the near future.

Our expected total returns are calculated in the *Sure Analysis Research Database*. They are based on expected returns over the next five years. Our expected total returns take into account dividends, growth, and valuation returns.

Note that our expected total returns are based on the idea that the economy will continue forward "as is" for the foreseeable future, and not encounter a recession. Recessions happen, of course, and we seek to recommend securities likely to pay steady or rising dividends during recessions. Recession safety factors into our Dividend Risk Scores, and in turn our Top 10 Dividend Elite rankings.

List of Securities with 25+ Years of Rising Dividends by Dividend Risk Score

Each of the securities with 25+ years of rising dividends in the *Sure Analysis Research Database* are grouped according to Dividend Risk Score and sorted (from highest to lowest) by expected 5-year total return using data from the *Sure Analysis Research Database*. Dividend Yield is included next to each security's ticker symbol.

The Dividend Risk Score uses payout ratio, dividend history, and recession resiliency to measure a company's dividend safety. You can learn more about how the score is calculated in the Sure Analysis Glossary. See our Ranking Procedure for more information.

Click on the name of any security below to go to that security's Sure Analysis page (if you are a member of the *Sure Analysis Research Database*).

A-Rated Dividend Risk Scores

1. SJW Group (SJW): 3.1%
2. Sonoco Products Co. (SON): 4.3%
3. California Water Service Group (CWT): 2.5%
4. PPG Industries, Inc. (PPG): 2.2%
5. PepsiCo Inc (PEP): 3.6%
6. RLI Corp. (RLI): 1.6%
7. Hormel Foods Corp. (HRL): 3.8%
8. Sysco Corp. (SYY): 2.9%
9. Farmers & Merchants Bancorp (FMCB): 1.7%
10. Andersons Inc. (ANDE): 1.9%
11. Tennant Co. (TNC): 1.4%
12. Nordson Corp. (NDSN): 1.4%
13. Johnson & Johnson (JNJ): 3.3%
14. Archer Daniels Midland Co. (ADM): 4%
15. Brown-Forman Corp. (BF.B): 2.7%
16. Gorman-Rupp Co. (GRC): 1.9%
17. Becton Dickinson & Co. (BDX): 1.7%
18. Bank OZK (OZK): 3.3%
19. Donaldson Co. Inc. (DCI): 1.5%
20. Stepan Co. (SCL): 2.4%
21. John Wiley & Sons Inc. (WLY): 3.4%
22. Automatic Data Processing Inc. (ADP): 2.1%
23. Medtronic Plc (MDT): 3%
24. Lancaster Colony Corp. (LANC): 2.2%
25. Coca-Cola Co (KO): 3.1%
26. Eastern Bankshares Inc. (EBC): 2.6%
27. Genuine Parts Co. (GPC): 3.4%
28. Factset Research Systems Inc. (FDS): 0.9%
29. Brady Corp. (BRC): 1.3%
30. Target Corp (TGT): 3.2%
31. Tootsie Roll Industries, Inc. (TR): 1.1%
32. S&P Global Inc (SPGI): 0.7%
33. MSA Safety Inc (MSA): 1.2%
34. Chesapeake Financial Shares Inc (CPKF): 3.5%
35. Fresenius Medical Care AG (FMS): 2.6%
36. Community Trust Bancorp, Inc. (CTBI): 3.5%
37. ABM Industries Inc. (ABM): 2%
38. First Farmers Financial Corp (FFMR): 2.9%
39. Roche Holding AG (RHHBY): 3.5%
40. Colgate-Palmolive Co. (CL): 2.2%
41. Middlesex Water Co. (MSEX): 2.6%
42. Emerson Electric Co. (EMR): 1.6%
43. Atmos Energy Corp. (ATO): 2.5%
44. A.O. Smith Corp. (AOS): 1.9%
45. Community Financial System Inc. (CBU): 2.8%
46. Universal Corp. (UVV): 6%
47. RenaissanceRe Holdings Ltd (RNR): 0.6%
48. National Fuel Gas Co. (NFG): 3%
49. RPM International, Inc. (RPM): 1.6%
50. Lowe`s Cos., Inc. (LOW): 1.7%
51. SEI Investments Co. (SEIC): 1.2%
52. Roper Technologies Inc (ROP): 0.6%
53. Stryker Corp. (SYK): 0.9%
54. H.B. Fuller Company (FUL): 1.4%
55. Westamerica Bancorporation (WABC): 3.4%
56. Cincinnati Financial Corp. (CINF): 2.3%
57. Illinois Tool Works, Inc. (ITW): 2.3%
58. Abbott Laboratories (ABT): 1.9%
59. Brown & Brown, Inc. (BRO): 0.6%
60. McDonald`s Corp (MCD): 2.4%
61. Graco Inc. (GGG): 1.3%
62. Nucor Corp. (NUE): 1.7%
63. Jack Henry & Associates, Inc. (JKHY): 1.3%
64. Consolidated Edison, Inc. (ED): 3.6%
65. Eagle Financial Services, Inc. (EFSI): 3.4%
66. Carlisle Companies Inc. (CSL): 1%
67. Caterpillar Inc. (CAT): 1.4%
68. Cintas Corporation (CTAS): 0.8%

69. Church & Dwight Co., Inc. (CHD): 1%
70. General Dynamics Corp. (GD): 2.1%
71. Northeast Indiana Bancorp Inc. (NIDB): 4%
72. Abbvie Inc (ABBV): 3.8%
73. Chubb Limited (CB): 1.3%
74. Lincoln Electric Holdings, Inc. (LECO): 1.5%
75. Procter & Gamble Co. (PG): 2.4%
76. American States Water Co. (AWR): 2.5%
77. Badger Meter Inc. (BMI): 0.7%
78. United Bankshares, Inc. (UBSI): 3.8%
79. Air Products & Chemicals Inc. (APD): 2.2%
80. ITT Inc (ITT): 0.9%
81. W.W. Grainger Inc. (GWW): 0.7%
82. PSB Holdings Inc (WI) (PSBQ): 2.5%
83. Cullen Frost Bankers Inc. (CFR): 2.7%
84. Enterprise Bancorp, Inc. (EBTC): 2.4%
85. Federal Realty Investment Trust. (FRT): 4%
86. Walmart Inc (WMT): 0.9%
87. Parker-Hannifin Corp. (PH): 1%
88. Kenvue Inc (KVUE): 3.8%
89. Franklin Electric Co., Inc. (FELE): 1%
90. Dover Corp. (DOV): 1%
91. Linde Plc. (LIN): 1.3%
92. Bancfirst Corp. (BANF): 1.5%
93. Sherwin-Williams Co. (SHW): 0.8%
94. Pentair plc (PNR): 0.9%
95. 1st Source Corp. (SRCE): 2.3%
96. Aptargroup Inc. (ATR): 1.1%
97. Expeditors International Of Washington (EXPD): 1.3%
98. Commerce Bancshares, Inc. (CBSH): 1.6%
99. Exxon Mobil Corp. (XOM): 3.7%
100. MGE Energy, Inc. (MGEE): 2%
101. Ecolab, Inc. (ECL): 1%
102. Aflac Inc. (AFL): 2.2%
103. McGrath Rentcorp (MGRC): 1.5%
104. Erie Indemnity Co. (ERIE): 1.3%
105. Cardinal Health, Inc. (CAH): 1.6%
106. West Pharmaceutical Services, Inc. (WST): 0.2%
107. Casey`s General Stores, Inc. (CASY): 0.5%

B-Rated Dividend Risk Securities

1. Eversource Energy (ES): 5%
2. Polaris Inc (PII): 5.1%
3. Artesian Resources Corp. (ARTNA): 3.8%
4. J.M. Smucker Co. (SJM): 4.1%
5. Northwest Natural Holding Co (NWN): 4.9%
6. NNN REIT Inc (NNN): 5.8%
7. New Jersey Resources Corporation (NJR): 3.8%
8. Universal Health Realty Income Trust (UHT): 7.5%
9. Novartis AG (NVS): 3.7%
10. Essential Utilities Inc (WTRG): 3.6%
11. Black Hills Corporation (BKH): 4.6%
12. Matthews International Corp. (MATW): 3.5%
13. Fortis Inc. (FTS): 4.3%
14. Enterprise Products Partners L P (EPD): 6.4%
15. Stanley Black & Decker Inc (SWK): 3.7%
16. NextEra Energy Inc (NEE): 2.9%
17. Nacco Industries Inc. (NC): 2.8%
18. Norwood Financial Corp. (NWFL): 4.7%
19. T. Rowe Price Group Inc. (TROW): 4.3%
20. McCormick & Co., Inc. (MKC): 2.3%
21. Calvin b. Taylor Bankshares, Inc. (TYCB): 3%
22. Realty Income Corp. (O): 5.8%
23. Southside Bancshares Inc (SBSI): 4.4%
24. Enbridge Inc (ENB): 5.9%
25. Kimberly-Clark Corp. (KMB): 3.8%
26. Clorox Co. (CLX): 3.1%
27. Canadian Utilities Ltd. (CDUAF): 5.6%
28. Canadian National Railway Co. (CNI): 2.3%
29. UGI Corp. (UGI): 4.9%
30. Altria Group Inc. (MO): 7.8%
31. Tompkins Financial Corp (TMP): 3.7%
32. Essex Property Trust, Inc. (ESS): 3.5%
33. Old Republic International Corp. (ORI): 2.9%
34. York Water Co. (YORW): 2.8%
35. Thomson-Reuters Corp (TRI): 1.3%
36. Albemarle Corp. (ALB): 1.9%
37. RTX Corp (RTX): 2%
38. Entergy Corp. (ETR): 3.1%
39. UMB Financial Corp. (UMBF): 1.3%
40. Chevron Corp. (CVX): 4.2%
41. International Business Machines Corp. (IBM): 3%
42. C.H. Robinson Worldwide, Inc. (CHRW): 2.2%

C-Rated Dividend Risk Securities

1. Sanofi (SNY): 3.9%
2. Franklin Resources, Inc. (BEN): 6.3%
3. Muncy Columbia Financial Corporation (CCFN): 4%
4. First Of Long Island Corp. (FLIC): 6.9%
5. Fastenal Co. (FAST): 2.3%
6. Andover Bancorp, Inc. (ANDC): 3.8%

D-Rated Dividend Risk Securities

1. Arrow Financial Corp. (AROW): 4.1%

F-Rated Dividend Risk Securities

N/A