DIVIDEND STOCK ANALYSIS

Best 2013 Dividend Stocks

Presented by www.TheDividendGuyBlog.com & www.DividendStockAnalysis.com

Disclaimer: This document is not meant to replace professional recommendations. I am not a professional trader and am not making recommendations. I produced this eBook to provide additional information on US and Canadian dividend stocks that have shown strong metrics over the past 5 years. You may forward this eBook to your friends but in no conditions you are allowed to duplicate or publish this content.

DIVIDEND STOCK ANALYSIS

Contents

DIVIDEND STOCK ANALYSIS

Intro – 'Cause You Can't Just Jump Into The eBook!

If you have this eBook in your possession, this means that you are a subscriber to one of my newsletters or have a friend that is. This is why I want to thank you for your support and loyal readership. My passion for investing literally has no boundaries. Last year, I issued The Best 2012 Dividend Stocks and got over 4,283 downloads. I'm looking forward to double this number with the improved 2013 edition.

In September 2012, I wrote the now popular guide to dividend investing: *Dividend Growth: Freedom through Passive Income*. I used techniques described in this book to pull out the Best 2013 Dividend Stocks. If you like what you read in the following pages, you should click here and have a look at my book.

I currently author several investing websites such as TheDividendGuyBlog.com, DividendStockAnalysis.com, WhatisDividend.com and CanadianDividendStock.com and this is probably where you heard about this eBook. It doesn't make me a professional and still have a lot of things to learn. This is why this document has to be taken for what it is and nothing else: a compilation of interesting (**and not recommended!**) stocks that have strong, proven metrics over the past 5 years. Additional research and analysis is required before making any trades.

I separated the book into 2 sections: American Stocks and Canadian Stocks. Therefore, there are stocks for everybody! I hope you will enjoy the work I put together and **please forward this eBook to AT LEAST 3 of your friends (come on, It's free!).** I'm sure they will appreciate the attention! Remember that everything you read here **is copyrighted so do not modify or replicate its content**.

Best regards,

Mike

The Dividend Guy

Why I Wrote This Book And What You Should Expect From It

When you read a title such as "Best 2013 Dividend Stocks" you probably think that I'm pulling out the top 20 American and the top 10 Canadian dividend stocks that will outperform the overall stock market. The goal is obviously to beat the indexes but I'm also focusing on the global results of these stocks.

I wanted to write a book about stocks that, combined together, could generate an interesting result as a whole. I have always found as an investor, pulling the trigger and buying a single stock was easy. Building a strong portfolio where stocks could balance themselves out during different markets (bullish or bearish, stable or volatile) is quite a challenge. This is the reason why I didn't only focus on the number or on a specific aspect (growth potential, high dividend yield, etc). I tried to put a combination of companies that could weather most economic situations.

This means that you will find stocks that should outperform the stock market if we are bullish and some others will outperform if we enter a bear market too. Some companies will show awesome sales growth and you can expect both dividends and stock values to go up. Others will show mature business models with strong dividend growth habits. But don't get too excited with the potential of stock appreciation.

My previous book (Best 2012 Dividend Stocks) was built the same way and showed a very interesting result as a whole while some stocks picked individually crushed the stock market or plummeted due to a very bad year.

So expect to find interesting picks ***but not recommendations***. You definitely must do your own research and analysis prior to make any trades. Remember; you are the only one responsible for your trading successes… and mistakes!

DIVIDEND STOCK ANALYSIS

Find The Best Dividend Stocks Within an Hour

There is nothing easier than clicking on the "buy" button of your brokerage account page. The problem is *what* to buy and *when* to buy it. The other problem investors face is the lack of time to analyze the thousands of stocks available. I guess this is why stock screeners were invented. Then again, one must know how to use them correctly. Prior to writing this book, I used the technique described in my new book; *Dividend Growth: Freedom through Passive Income*. Here are a few ratios I looked at:

- ✓ Dividend yield over 3%
- ✓ 5 year dividend growth positive
- ✓ Dividend payout ratio under 75%
- ✓ Return on equity (ROE) over 10%
- ✓ 5 year annual income growth rate positive
- ✓ Current price / earnings ratio (PE) under 20

Then, I used other tools mentioned in my book to pull out the "Top 20" US Dividend Stocks and the "Top 10" Canadian Dividend Stocks. Last year, my US picks underperformed the Vanguard Dividend Appreciation ETF (VIG) by 1.47% (*as at December 10h, dividend payout included*). This was due to a single stock (RadioShack – RSH). If you remove this stock, **I outperformed the index by 3.23%**. As for the Canadian stock picks, I'm proud to tell you that they have ***outperformed the index by 8.32%*** (The iShares Dow Jones Canadian Selected Dividend Index Fund (XDV)). As you can see, my investment process is paying its share of dividends!

Once again, this book is not a book of recommendations, but it's a great step in your 2013 dividend investing journey! Make sure to forward it to at least 3 of your friends!

DIVIDEND STOCK ANALYSIS

The Best Place To Get Stock Picks Ideas That Work

I have been a subscriber of The Successful Investor newsletter written by Pat McKeough for the past 6 months. Each month, I receive 10 pages of pure awesome stock analysis content. Pat has been around for many years and his track record is phenomenal. To be honest, some of my articles and even stock picks for my own portfolio are inspired by his work. So far, I can tell you that he is pretty much on target with his recommendations.

Save Time, Find Great Stocks and Follow Them Within Minutes

I like the newsletter because it helps me to save time. A lot of it! Instead of spending hours going from one stock to another, I just have to read The Successful Investor newsletter in order to find some good stock picks. I don't select stocks because they are on his list but the newsletter points me in the right direction. Then, I only have a few stocks to analyse in-depth prior to making my trade.

I also like the fact that he does follow-ups on his previous recommendations. Therefore, it makes my life much easier to follow stocks and read about important news regarding the companies I hold in my portfolio.

Special Deal!

The Successful Investor newsletter is currently retailed at $139 per year but I have a special deal with The Dividend Guy Blog readers and you can get it for **$89 per year only**. This is $7.42 per copy! ***Plus*** you get access to all past newsletters for free!

Click HERE for Canadian Investors

Click HERE for American Investors

US Stocks

Abbott Laboratories - ABT

Company Description:

Abbott Laboratories (Abbott) is specialized in health care products and is engaged in their discovery and development. Abbott is engaged in the discovery, development, manufacturing and sale of a range of health care products. Abbott operates in five segments: Proprietary Pharmaceutical Products, Established Pharmaceutical Products, Diagnostic Products, Nutritional Products and Vascular Products.

Strengths:

ABT is a dividend aristocrat that has **increased its dividend for the past 40 years**. Abbott **EPS has been growing consistently over the past five years** and didn't trip over 2008-2009. Strong sales combined with even stronger EPS growth lead to a healthy **dividend growth of 9.62%** over the past five years. They show a strong presence in emerging markets which explains strong sales and "ensures" ;-) sales growth for the upcoming years.

Weaknesses:

At the end of 2012, ABT proceeded with a spinoff of its company and split the company into 2 stocks: the medical products company and the research-based pharmaceutical company. It may unlock the company values or tank the stock. At the time of writing this book (December 2012), the split hadn't occurred.

Company Metrics

Dividend Yield	3.14%	P/E Ratio	12.95
5yr Div Growth	9.62%	ROE	19.22%
Payout Ratio	63.69%	1yr Sales Growth	10.48%
5yr EPS Growth	103.57%	5yr Sales Growth	9.12%

DIVIDEND STOCK ANALYSIS

Autoliv – ALV

Company Description:

Autoliv develops, manufactures and markets automotive safety parts such as airbags, seatbelts, steering wheels and safety electronics (such as radar, night vision and camera systems). Autoliv claims to have 35% of the market share in passive safety and 20% in active safety. Autoliv is the result of the 1997 merger between the Swedish company Autoliv AB and the US company Morton ASP.

Strengths:

ALV has a very low payout ratio which enables them to increase their dividend payout in the years to come. While their market is quite concentrated in terms of products, they are the leader in this industry and benefit from great geographical diversification with 37% of sales in Europe, 31% in North America, 12% in China, 9% in Japan and 11% of the rest of the world.

Weaknesses:

Autoliv is directly dependent on the car industry. We have seen EPS drop to $0.12 (from $2.29 in 2008). The dividend was even suspended during that period. However, 2010 ($6.77) and 2011 ($6.99) EPS shows that ALV has survived this. Consider the very small payout ratio right now, we should be able to avoid this situation in the future.

Company Metrics

Dividend Yield	3.41%	P/E Ratio	10.86
5yr Div Growth	3.62%	ROE	14.42%
Payout Ratio	25.49%	1yr Sales Growth	14.81%
5yr EPS Growth	45.53%	5yr Sales Growth	5.75%

DIVIDEND STOCK ANALYSIS

CA Inc. – CA

Company Description:

CA develops and delivers software and services. Their core business is separated into three divisions: **Mainframe solutions** (their main software business), **Enterprise solutions** (other than the mainframe platform, such as security, portfolio management, automation, etc) and **Services** (implementation, consulting, training, etc.).

Strengths:

CA has a low payout ratio (note; it will increase due to the huge dividend growth in 2012) combined with a very high margin (28-29%) is a great combination for any dividend growth stock. Since CA's core business is to manage complex IT environments and make it more flexible, we can forecast a great future for such a business model. At a relatively low P/E ratio, CA could not only offer a great dividend payout in the future but also offer stock value gains.

Weaknesses:

CA deals with very important clients such as RBS (Royal Bank of Scotland) (they cover most of the Global Fortune 500). They could incur an important lawsuit if their system fails. This is what happened in 2012 with RBS. The stock also recently dropped in October after CA lowered its 2013 forecast. Nonetheless, CA is expecting 6% growth in their sales from 2013 to 2015.

Company Metrics

Dividend Yield	4.38%	P/E Ratio	11.54
5yr Div Growth	37.97%	ROE	17.02%
Payout Ratio	20.47%	1yr Sales Growth	8.69%
5yr EPS Growth	14.29%	5yr Sales Growth	1.68%

DIVIDEND STOCK ANALYSIS

Campbell Soup – CPB

Company Description:

Since 1869, Campbell Soup has become a huge company operating in the food industry. The company is divided into 4 segments of operation: Simple meals (soup and sauce), Beverages (V8), Baking & Snacking (Bread and cookies) and an international segment (which regroups simple meals, beverages and baking & snacking for overseas markets). Campbell Soup is the largest soup producer with 60% of the market share. They offer their products across 120 countries.

Strengths:

Armed with strong partnerships with Coca-Cola (KO) and Wal-Mart (WMT) to develop emerging markets, we can expect CPB to find some growth as soon as the economy gets back on track. In the meantime, Campbell Soup has done a good job creating new products to reach demographics that were underrepresented by their brands in the past.

Weaknesses:

While we are all well seated and expect growth from emerging markets, the sales growth is not being materialized yet. With a 5 years growth sales of 1.41%, my concern regarding CPB is more about being disappointed by low growth which would eventually leave investors with a good dividend but nothing more. To build a core portfolio CPB is definitely a good addition but if you seek some growth, I think there are better stocks in this book for you.

Company Metrics

Dividend Yield	3.29%	P/E Ratio	14.51
5yr Div Growth	7.18%	ROE	77.95%
Payout Ratio	48.45%	1yr Sales Growth	-0.16%
5yr EPS Growth	24.26%	5yr Sales Growth	1.41%

DIVIDEND STOCK ANALYSIS

Chesapeake Utilities – CPK

Company Description:

Chesapeake Utilities is… a utility company! It operates three divisions: **Regulated Energy** (natural gas & electric distribution in Delaware, Maryland and Florida), **Unregulated Energy** (natural gas marketing, propane distribution and propane wholesale) and **Other** (advanced information & real estate).

Strengths:

Consistent five year EPS growth combined with important past sales growth are pushing CPK in the right direction. If you look carefully at the numbers, you'll see that there were important acquisitions back in 2008-2009 that pushed the sales to a whole new level. The good news is that CPK was able to handle those acquisitions and make them profitable for both investors and the company itself.

Weaknesses:

The price of natural gas is definitely a cloud over Chesapeake's head. In order to assure its growth, further acquisitions will be required. In the event the company is not able to acquire smaller companies, we will have to focus on its good dividend and be patient.

Company Metrics

Dividend Yield	3.18%	P/E Ratio	16.38
5yr Div Growth	3.95%	ROE	10.70%
Payout Ratio	47.24%	1yr Sales Growth	-2.23%
5yr EPS Growth	41.02%	5yr Sales Growth	25.41%

DIVIDEND STOCK ANALYSIS

Chevron Corp – CVX

Company Description:

Chevron is an integrated energy company operating worldwide including exploration, production, manufacturing, creating products, transportation. On top of that, Chevron is also diversifying into chemical production (energy related), mining, Nano science research and (very interesting), Chevron is a leader in geothermal energy. They seem (and this is why they qualify as a SRI) to be involved in being a good corporate citizen and is respectful of the environment.

Strengths:

Chevron's sales growth is very interesting for a mature company operating in a mature business. The #2 in the world for oil energy shows a very strong dividend record and its business model ensures both growth and profitability year after year. In November 2012, Chevron commented on its Q4 2012 production and expects to increase it.

Weaknesses:

When we think about oil, we have to think about lawsuits. CVX is not an exception and is regularly involved in oil related lawsuits. This could affect their profit from time to time if the company has to pay fines. In addition to this risk, the highly volatile price of oil should always be in the back of your mind.

Company Metrics

Dividend Yield	3.28%	P/E Ratio	9.36
5yr Div Growth	9.22%	ROE	21.68%
Payout Ratio	22.83%	1yr Sales Growth	24.62%
5yr EPS Growth	29.10%	5yr Sales Growth	5.72%

DIVIDEND STOCK ANALYSIS

Darden Restaurants – DRI

Company Description:

In 1938, Bill Darden opened up a small luncheonette with seating for 25 called The Green Frog. But since then, it has grown far beyond what the entrepreneurial teenager likely dreamed of. With roughly 1,900 restaurants (such as Red Lobster and Olive Garden) in North America and 180,000 employees, Darden properties serve more than 400 million meals annually and have the fifth-largest market cap at 5.8 billion, just below Tim Hortons.

Strengths:

Darden was on my radar this year because it's a symbol of continuous growth from both the earnings and sales perspectives. However, while I was writing this book (in December 2012), DRI announced an important reduction of its forecast for the end of the year. Sales are down and some problems with employees (regarding healthcare packages for part time and full time employees) are putting important pressure on the stock.

Weaknesses:

DRI can be a surprise stock or the one which transform into a big bullet. If the company is able to control the drop and improve Olive Garden's sales (representing roughly 50% of DRI's sales), the recent drop of 10% in early December could be taken back. In the meantime, the dividend payout is attractive and should remain as is.

Company Metrics

Dividend Yield	3.74%	P/E Ratio	14.59
5yr Div Growth	20.90%	ROE	25.50%
Payout Ratio	46.96%	1yr Sales Growth	6.65%
5yr EPS Growth	4.39%	5yr Sales Growth	7.02%

DIVIDEND STOCK ANALYSIS

General Mills – GIS

Company Description:

General Mills is one of the largest packaged food producers in the world. It owns very popular brands such as Cheerios, Progresso Soup, Hamburger Helper, Betty Crocker, Green Giant, Pillsbury and Fruit Roll-ups. Their products go from flour to bakery to frozen products. They sell to grocery stores, cafeterias, businesses and restaurants.

Strengths:

What I appreciate from General Mills is its constant growth in both sales and profits. If you take data from 2008 to 2011, earnings and sales are up year after year (and so is the dividend!). This is a well-diversified company from both the product and geographical aspects. Good news, they forecast a $0.10 dividend increase in 2013 which would represent an additional 8.2% in dividend growth.

Weaknesses:

Inflation (notably transportation costs) along with margin pressures is definitely slowing GIS's growth down. The recent slowdown in earnings in GIS for 2012 is not worrying right now but this is something you have to take into consideration for the upcoming years. 2013 will determine if 2012 was simply a bad year or the beginning of a bigger problem.

Company Metrics

Dividend Yield	3.31%	P/E Ratio	15.39
5yr Div Growth	10.81%	ROE	22.96%
Payout Ratio	51.05%	1yr Sales Growth	11.95%
5yr EPS Growth	17.79%	5yr Sales Growth	5.81%

Heinz – HNZ

Company Description:

Heinz manufactures and markets food products across the world. Heinz is definitely well known for their condiments, sauces, frozen foods, soups and meals. Heinz had restructured its company back in the 2000s to make it more profitable and get rid of less profitable products. As a result their main revenues come from **ketchup & condiments** (42.4%) and **meals & snacks** (40.9%).

Strengths:

Who doesn't eat Ketchup? The answer to this question will show you how stable its sales and profits should be in 2013. If we are in the middle of turmoil, you can be sure that HZN will be a great player in your portfolio. The dividend growth is perfectly aligned with the EPS growth. 2013 forecasts are still in line according to management so we could expect another 5-6% profit growth along with a similar dividend payout increase.

Weaknesses:

Global economy forcing customers to cut down on their spending could be one of the biggest threats to Heinz. The other thing is the stock seems to be fairly valued with a PE ratio near 17. Don't expect much growth here but the dividend payout will be solid.

Company Metrics

Dividend Yield	3.58%	P/E Ratio	16.72
5yr Div Growth	6.39%	ROE	33.35%
Payout Ratio	66.70%	1yr Sales Growth	2.02%
5yr EPS Growth	5.38%	5yr Sales Growth	5.00%

DIVIDEND STOCK ANALYSIS

Genuine Parts – GPC

Company Description:

Founded in 1928, Genuine Parts is a distributor of automotive replacement parts (49%) (NAPA), industrial replacement parts (33%) (Motion Industries), office products (14%) (S.P.Richards) and electrical/electronic materials (4%) (EIS). GPC is also the owner at 95% of National Automotive Parts Association (NAPA).

Strengths:

A company that has been increasing its dividend for **56 consecutive years** has certainly something strong in its business model. GPC also provides a **DRIP program** for its shareholders. The earnings are growing faster than the dividend payouts which are always **good news for future dividend growth**. Genuine Parts also uses little debt (only 15% of its capitalization in 2011). This is another sign of the overall GPC financial strength.

Weaknesses:

2009 was a rough year for GPC since 50% of its business (auto parts) was affected by the general economy. This can be explained by the fact that customers will likely wait to repair their cars unless it's 100% necessary. 2010, 2011 and 2012 show both strong sales and earnings growth. However, if we enter into another recession, GPC sales may suffer again. They will have to expand their other sectors in order to become more diversified.

Company Metrics

Dividend Yield	3.11%	P/E Ratio	16.01
5yr Div Growth	6.20%	ROE	20.98
Payout Ratio	49.86%	1yr Sales Growth	11.16%
5yr EPS Growth	8.90%	5yr Sales Growth	4.15%

Click here to read additional free dividend stock analyses on GPC on Dividend Stock Analysis

Intel – INTC

Company Description:

Intel (INTC) is the largest designer, manufacturer and seller of "computer chips" in the world. Their microprocessors are well known and reliable. INTC is also involved in producing flash memory products, motherboards and connectivity products. Basically, take a look at your electronic devices at home and you'll find some of Intel's products!

Strengths:

INTC shows strong metrics but doesn't perform as the market would like it to. Its recent drop sounds like the perfect time to buy it. The dividend yield is high enough to keep me waiting on that stock. INTC is currently issuing bonds to buy back shares. This should support the share price and shows that the company believes in its means.

Weaknesses:

INTC was part of my 2012 best stock picks and didn't perform as expected. While the overall metrics are good, fear around lower sales in 2013 combined with the difficulties to enter in the smartphone and tablet markets has pushed the stock underwater. There is also the possibility of seeing Apple starting their own processor for the iPad.

Company Metrics

Dividend Yield	4.14%	P/E Ratio	9.31
5yr Div Growth	14.09%	ROE	24.94%
Payout Ratio	31.89%	1yr Sales Growth	23.79%
5yr EPS Growth	16.55%	5yr Sales Growth	6.83%

DIVIDEND STOCK ANALYSIS

Johnson & Johnson – JNJ

Company Description:

JNJ is another US mammoth (both in terms of age and size) operating in the manufacturing, marketing, and distribution of consumer goods. They are well known for their healthcare orientation. Their operations are divided into 3 segments: **Consumer** includes baby care, skin care, oral care, wound care, women's health and over the counter pharmaceutical products. **Pharmaceuticals** include products for infection prevention, antipsychotics, contraceptives, dermatology, gastrointestinal, hematology, immunology, infectious diseases, neurology, oncology, pain management, thrombosis and vaccines. **Medical Devices & Diagnostics** includes all kinds of hospital equipment ranging from diabetes care to spinal care.

Strengths:

After quality control problems in 2011, JNJ is back on track with a great 2012. It even raised its EPS guidance for the year. The stock is hot and so is the dividend. At a 14 P/E ratio, the company seems a little undervalued. A few more good news stories around JNJ and we could see it going up to around $75 a share.

Weaknesses:

The quality control doesn't seem to be a problem anymore but it was spread so much that it doesn't mean it won't come back. Also, JNJ sales in its main market (US), are relatively flat. This could be a problem over the long term if they can't get the sales back on the positive side.

Company Metrics

Dividend Yield	3.43%	P/E Ratio	14.10
5yr Div Growth	8.36%	ROE	14.26%
Payout Ratio	63.65%	1yr Sales Growth	5.59%
5yr EPS Growth	4.56%	5yr Sales Growth	2.76%

DIVIDEND STOCK ANALYSIS

Kellogg – K

Company Description:

Kellogg is famously known for its cereals but they also manufacture and market cookies, crackers, toaster pastries and cereal bars. In 2012, they also bought Pringles from Procter & Gamble. They sell in over than 180 countries.

Strengths:

I like well-diversified companies that show stable growth, can you tell? After a reorganization in 2011 which affected profits, Kellogg seems in great position to meet financial analysts expectations in 2013. The purchase of Pringles is performing better than expected. Earnings per share are slowly but surely going up and dividend payouts are following the same path. K is another solid stock to build your core portfolio.

Weaknesses:

We can feel the pressure on the margins as it a problem spread throughout the industry. Kellogg is also having a hard time in Latin America (sales down 16%) where Brazil should continue to be a power engine for the economy.

Company Metrics

Dividend Yield	3.23%	P/E Ratio	15.97
5yr Div Growth	7.90%	ROE	50.31%
Payout Ratio	49.07%	1yr Sales Growth	6.46%
5yr EPS Growth	1.97%	5yr Sales Growth	4.54%

DIVIDEND STOCK ANALYSIS

Kimberly-Clark – KMB

Company Description:

Kimberly Clark is another world-class consumer product manufacturer and marketer. They operate in 36 countries and sell their products across 175 countries. KMB is separated into 4 divisions: **Personal Care** (Huggies, Pull-ups, Goodnites, Kotex, Depends), **Consumer Tissue** (Kleenex, Cotonelle, Viva, Andrex, Scottex, Hakle, Page), **Professional** (workplace apparel, wipes, soaps, sanitizers, tissues, and towels), **Health Care** (medical devices and infection prevention products)

Strengths:

A consistent dividend growth stock like KMB doesn't require any further presentation. The 7% dividend growth over the past 5 years inspires investors to see their dividend payout double in 10 years. Sales are also on the positive side and if the restructuring plan (called FORCE) works, EPS should be back on track.

Weaknesses:

The overall 5 years EPS is positive but the reality is that there has been a significant slide from 2009-2010 and 2011 results. This is why there is was restructuring plan in place. If the company wants to keep its 7% dividend growth in the future, they will have to generate more revenues.

Company Metrics

Dividend Yield	3.55%	P/E Ratio	16.11
5yr Div Growth	7.02%	ROE	35.17%
Payout Ratio	69.58%	1yr Sales Growth	5.57%
5yr EPS Growth	6.58%	5yr Sales Growth	2.68%

DIVIDEND STOCK ANALYSIS

Mattel – MAT

Company Description:

Mattel is one of the biggest toy manufacturers, marketers and distributors. It has an impressive portfolio of brands including all-star names such as Fisher-Price, Little People, Barbie, Hot Wheels, Polly Pocket along with several Disney, Comic Book and Cartoon characters and derived products.

Strengths:

In October 2012, Mattel topped estimates and even raised Holiday sales forecasts. With a very strong brand portfolio combined with an increasing consumer confidence, MAT is going through the Holidays with a smile. With its world leader position, Mattel will continue to rack-up the sales in 2013. The dividend payout ratio is low and the 5 years dividend growth (12.28%) shows a strong dividend policy.

Weaknesses:

The switch from traditional toys to electronic definitely affects MAT. The traditional toy market and most important retailers (such as Toys'R'Us) have been facing slow growth while computer games, gaming consoles and tablet games have been increasing significantly. It will be interesting to see how Mattel will react to this "new" substitution product in the future.

Company Metrics

Dividend Yield	3.39%	P/E Ratio	14.92
5yr Div Growth	12.28%	ROE	31.52%
Payout Ratio	41.26%	1yr Sales Growth	7.00%
5yr EPS Growth	11.70%	5yr Sales Growth	2.64%

DIVIDEND STOCK ANALYSIS

McDonald's – MCD

Company Description:

McDonald's is the world largest fast food restaurant chains operating in over 110 countries. McDonald's strengths are definitely their streamlined processes along with the fact that their restaurants are situated in the best locations across the planet. Since 2003, MCD has massively invested in their menus and renovated their restaurants to increase their market share and demonstrate a healthier image.

Strengths:

Being a dividend aristocrat, MCD has been proving to the stock market that it can continue to show constant growth even in mature markets. Their presence in emerging markets combined with the renovation of both their restaurants and their menus were the keys of their success. The recent price slump at the end of 2012 could make MCD a great pick at the beginning of 2013.

Weaknesses:

2012 results disappointed analysts but it's important to keep in mind that MCD has been over performing for the past 10 years. Expectations sometimes get a little crazy. Nonetheless, MCD has missed twice the analyst's expectations upon global economic slowdowns.

Company Metrics

Dividend Yield	3.51%	P/E Ratio	16.55
5yr Div Growth	22.87%	ROE	40.01%
Payout Ratio	47.42%	1yr Sales Growth	12.18%
5yr EPS Growth	10.14%	5yr Sales Growth	4.09%

DIVIDEND STOCK ANALYSIS

Microsoft – MSFT

Company Description:

Microsoft is the most known and important software company in the world. Along with its famous software line of products, Microsoft also offers various services such as servers (including cloud systems), business solutions (supports and consulting), entertainment (Xbox) and other online services.

Strengths:

Over the last 10 years, Microsoft has become a dividend stock. It was one of the first techno stocks to start paying a distribution. Today, the sales are relatively stable and the stock is paying a healthy dividend. With Windows 8, MSFT showed the world its ability to always renew its software product line. As long as Windows and Office will be used by corporate clients, MSFT will continue to grow by offering them their other services.

Weaknesses:

MSFT has been toiling in dangerous playgrounds while seeking market share from other Titans such as Apple, Google, Sony, etc. It constantly drains money to compete against such giants. If Microsoft is not careful with its spending, the situation could rapidly turn sour (we saw what happened with RIM).

Company Metrics

Dividend Yield	3.08%	P/E Ratio	11.44
5yr Div Growth	14.87%	ROE	24.50%
Payout Ratio	39.58%	1yr Sales Growth	5.40%
5yr EPS Growth	6.62%	5yr Sales Growth	4.00%

DIVIDEND STOCK ANALYSIS

Procter & Gamble – PG

Company Description:

Founded more than 100 years ago (1837), Procter & Gamble is one of the largest and best known companies in the world. PG operates in over 180 countries and they have divided their widely diversified operations into 5 divisions: **Beauty** (Head & Shoulders, Olay, Dolce & Gabbana, Gucci & Hugo Boss fragrance), **Grooming** (Braun, Gillette), **Health Care** (Always, Crest, Oral-B, Vicks), **Fabric Care & Home Care** (Dawn, Duracell, Febreze, Gain, Iams, Tide), **Baby Care & Family Care** (Bounty, Charmin, Pampers).

Strengths:

Their diversification in terms of products and countries is phenomenal. The dividend growth over the past five years has been constant and impressive. This is also why PG is trading at such high P/E ratio compares to other companies in its industry. I picked PG for its overall solidity and ability to perform during rough economic times.

Weaknesses:

You have read this weakness for a few stocks already but again, margin pressures are affecting PG's profitability. Procter & Gamble seems to have problems with growth lately. Their markets are mature and it's hard to grow in other markets.

Company Metrics

Dividend Yield	3.28%	P/E Ratio	18.28
5yr Div Growth	10.21%	ROE	16.30%
Payout Ratio	66.06%	1yr Sales Growth	1.36%
5yr EPS Growth	1.06%	5yr Sales Growth	0.64%

DIVIDEND STOCK ANALYSIS

Safeway – SWY

Company Description:

Safeway is the fourth largest food & drug retailer in America. It has predominance in Western USA, Texas, Chicago and mid-Atlantic region. Safeway also operates Blackhawk Network, a leader in pre-paid third party gift cards in both USA and Canada.

Strengths:

Safeway has been able to avoid most of the “Wal-Mart” effect so far due to its leadership position in its markets. It has aggressively bought back shares over the past few years pushing the EPS growth to a higher level while the P/E ratio is lower than its peers. SWY has met financial analysts’ expectations. SWY is part of my book for 2 reasons: high dividend yield and constant dividend growth over the past 5 years.

Weaknesses:

Saturated market and fierce competition pushes Safeway to cut its margins to remain competitive. The low P/E ratio could be misleading since it was a direct consequence of massive shares repurchase. Therefore, a part of the growth you see in the EPS is not related to higher profits but to fewer shares available on the market.

Company Metrics

Dividend Yield	4.16%	P/E Ratio	8.37
5yr Div Growth	20.40%	ROE	15.47%
Payout Ratio	36.31%	1yr Sales Growth	6.29%
5yr EPS Growth	13.44%	5yr Sales Growth	0.65%

DIVIDEND STOCK ANALYSIS

Seagate Technology – STX

Company Description:

Seagate Technology is the largest hard disk manufacturer with 35% in market share. Seagate focuses on information storing solutions that range from desktop to laptop along with servers. It is also present in online backup services. STX's most important competitors are Western Digital (WDC), Hitachi, Samsung, Toshiba and SanDisk.

Strengths:

The company's financial metrics are currently very strong. STX has overcome the 2011 flood in Thailand with strong financial results. STX is currently buying back shares along with increasing significantly their dividend payouts (19% in 2012).

Weaknesses:

There is a strong belief that STX's main market (hard drives) will be replaced by flash memory. This technology is faster and can store a lot more information. However, the price is still very high. Is STX doomed? I don't think so but technology evolves very fast.

Company Metrics

Dividend Yield	4.27%	P/E Ratio	3.92
5yr Div Growth	20.11%	ROE	111.85%
Payout Ratio	12.80%	1yr Sales Growth	36.17%
5yr EPS Growth	89.19%	5yr Sales Growth	3.68%

DIVIDEND STOCK ANALYSIS

Walgreens – WAG

Company Description:

Walgreen operates a wide drugstore chain across America. It provides both prescription and non-prescription drugs along with consumer goods. Wag operations include over 8,385 stores in 50 states. It has extended its branch with an e-commerce division where customers can buy most of their consumer products along with online exclusivity.

Strengths:

Over the past 10 years, revenues have growth by more than 6% each year with no exceptions. Gross profit has almost followed the same trend (the worst year was a growth of 5.8%). Drugstores in general are already in a good market considering the aging population. Leaders of this market such as Walgreen will continue to benefit from this demographic situation.

Weaknesses:

A slow economy could lead customers to choose generic products instead of brand name drugs. This would directly affect WAG sales and profit. Walgreen's margins are obviously under pressure, reducing profitability over the long run. Note that the EPS growth has been boosted by the sale of WHI in 2011.

Company Metrics

Dividend Yield	3.25%	P/E Ratio	13.46
5yr Div Growth	23.74%	ROE	12.86%
Payout Ratio	39.87%	1yr Sales Growth	-0.76%
5yr EPS Growth	8.75%	5yr Sales Growth	5.06%

DIVIDEND STOCK ANALYSIS

Western Union – WU

Company Description:

Western Union is the largest money transfer company in the world by transaction volume. Money transfers can be done electronically and checks can be sent/received through their 485,000 agencies located in 200 countries. The core business (consumer to consumer money transfers) represents 84% of WU profit. The company revenues are derived from transaction fees charged on money transfers.

Strengths:

Western Union benefits from its leadership position in this market to dictate pricing and keep customers trust. As 10% of Americans don't have a bank account, they must rely on money transfer services offered by WU. The company is also seeking growth from expansion in India and China while its primary market remains the USA.

Weaknesses:

At the end of October, WU announced lowered 2012 guidance which had a huge effect on the stock price. The stock was previously flirting with $18 and dropped suddenly to $13 after this news. This is probably one of the biggest gambles of the book but I think that WU pays a good dividend for investor to wait. The P/E ratio is now attractive and a good year in 2013 could bring back WU to its highest levels of 2012.

Company Metrics

Dividend Yield	4.00%	P/E Ratio	7.26
5yr Div Growth	106.99%	ROE	150.47%
Payout Ratio	16.66%	1yr Sales Growth	5.75%
5yr EPS Growth	11.82%	5yr Sales Growth	2.60%

DIVIDEND STOCK ANALYSIS

Wisconsin Energy - WEC

Company Description:

Wisconsin Energy was part of the Best 2012 Dividend Stock and it's coming back for a second year. The company operates in mainly 2 segments: Utility (1,1M electric customers. Power is generated via coal & natural gas) and Non-Utility (consists primarily of generating plants constructed). However, the non-utility segment generates less than 5% of WEC revenues.

Strengths:

WEC is currently avoiding a coal price spike since it had renewed its long term contract back in 2006. Its leadership position in its market allows Wisconsin Energy to benefit from a constant income which has led WED to increase its dividend payout several times over the past 5 years (the dividend doubled from 2007 to 2012).

Weaknesses:

Environment regulation is always a treat for utilities companies. If the price of coal is kept high, WEC will see its margins reduced upon contract renewals. WEC is probably a stock to be used in your core portfolio as stock growth value might not be part of its main characteristics in 2013.

Company Metrics

Dividend Yield	3.19%	P/E Ratio	15.58
5yr Div Growth	18.81%	ROE	13.93%
Payout Ratio	47.19%	1yr Sales Growth	6.76%
5yr EPS Growth	19.48%	5yr Sales Growth	3.59%

DIVIDEND STOCK ANALYSIS

Canadian Stocks

Andrew Peller – ADW.A

Company Description:

Andrew Peller produces, bottles and markets wine in Canada. The best known brands and award winning labels are Peller Estates, Trius, Hillebrand, Thirty Bench, Sandhill, Copper Moon, Calona Vineyards Artists Series and Red Rooster. ADW's main market is Western Canada and Ontario.

Strengths:

Awards, gains in market shares and strong sales were the three characteristics for 2012 at Andrew Peller. The EPS is growing faster than the dividend payout which is always a good thing. A Low P/E ratio for a company showing consistent financial metric is definitely a good indicator.

Weaknesses:

If Canadian economy was to slow down due to a drop in demand for natural resources, Andrew Peller would be directly hit and could not do much against the economic environment since wine is a discretionary good.

Company Metrics

Dividend Yield	3.61%	P/E Ratio	10.36
5yr Div Growth	5.42%	ROE	11.44%
Payout Ratio	39.59%	1yr Sales Growth	4.32%
5yr EPS Growth	12.18%	5yr Sales Growth	3.65%

DIVIDEND STOCK ANALYSIS

Black Diamond Group – BDI

Company Description:

Black Diamond Group rents modular structures to provide services and camps for temporary workforces and work structures. Black Diamond also offers a wide variety of oilfield accommodation equipment. Their services go from temporary offices to full-service lodge. Their slogan makes me smile: “We were HERE before HERE was HERE”. Their main market is obviously Western Canada.

Strengths:

Black Diamond focuses on predictable and recurring cash flows from long term projects. The company is showing high speed growth both in terms of sales and profits. It keeps a relatively high dividend growth policy at the same time as ensuring sales growth. BDI is not limited to oil sand exploitation and seeks to grow its business in the USA as well. Their fleet size is continuously increasing but its % utilization remains over 80%.

Weaknesses:

BDI is directly dependant of new exploitation projects in “hostile” environments. A slowdown in the oil sand industry could limit their high speed growth. The other potential problem would be if their fleet utilization is reduced as their main assets would not be as productive.

Company Metrics

Dividend Yield	3.52%	P/E Ratio	16.66
5yr Div Growth	6.19%	ROE	16.96%
Payout Ratio	49.85%	1yr Sales Growth	73.01%
5yr EPS Growth	81.16%	5yr Sales Growth	58.93%

DIVIDEND STOCK ANALYSIS

Calian Technologies – CTY

Company Description:

Calian Technologies is selling technology services through their two divisions: System Engineering Division (SED) and Business & Technology Services (BTS). Calian technology is specialized in satellite and terrestrial communication technology. It serves defence & aerospace, global SATCOM, governments and the telecom industry. The defense segment is the most lucrative.

Strengths:

Calian technologies offers a very interesting dividend yield (5.42%) with a low payout ratio (56.69%). The company has been growing both sales and profits over the past five years. Recent financial results are in line with previous guidance. The company seems undervalued with a low P/E ratio.

Weaknesses:

Current EPS is higher than 2007-2008 numbers but has been stagnating in 2010-2011. The earnings were better in 2012 but I would be cautious in 2013 to make sure the stock continues to show some growth. In the meantime the high dividend yield should be enough to keep investors on board.

Company Metrics

Dividend Yield	5.42%	P/E Ratio	11.28
5yr Div Growth	20.34%	ROE	21.61%
Payout Ratio	56.69%	1yr Sales Growth	4.09%
5yr EPS Growth	10.93%	5yr Sales Growth	5.02%

DIVIDEND STOCK ANALYSIS

Emera – EMA

Company Description:

Emera is an energy and service company. Emera's main market is Nova Scotia as it owns Nova Scotia Power, the province's main electricity provider. Emera actually owns power plants and distributes natural gas in Canada, the USA and the Caribbean. It is actively developing more energy projects in Eastern Canada.

Strengths:

Emera is pretty alone in its main market which provides a very good income flow year after year. As long as EMA is using this cash flow to generate more projects, we should see a consistent sales growth. Notably, 2 projects (a participation in Maritime Link and an undersea power cable) should be under operation for 2017. The dividend growth is in line with the earnings per share so there are no reasons to belief that the payout ratio would hit 70% in 2013.

Weaknesses:

Emera is highly dependent on energy power prices and regulations. Currently, they are still generating 57% of their energy from coal, not the cleanest energy source. Its transition from coal to cleaner energy sources has already been put in place (80% of the energy was coming from coal 5 years ago) but it will need to reduce its coal usage significantly in the upcoming years to become fully sustainable.

Company Metrics

Dividend Yield	4.01%	P/E Ratio	18.50
5yr Div Growth	8.65%	ROE	14.44%
Payout Ratio	65.82%	1yr Sales Growth	28.53%
5yr EPS Growth	15.22%	5yr Sales Growth	9.62%

DIVIDEND STOCK ANALYSIS

Evertz Technologies - ET

Company Description:

Evertz Technologies is an equipment provider to the television broadcast industry. From design to distribution, Evertz offers a wide variety of audio and video infrastructure. It's dominance in HDTV makes Evertz a strong player in the Canadian market. It wants to be a complete solution provider.

Strengths:

Evertz is showing stable growth over the past 5 years. While 2012 showed a slowdown in sales, the latest quarter (as at Dec 2012) shows earnings and revenue up by 18%. Operating margins were also up during that quarter. Entertainment (especially HDTV) market has been growing over the past few years and Evertz is a major player in this industry.

Weaknesses:

ET is showing a relatively high P/E ratio which could lead the stock to stagnate in 2013. However, the dividend yield is sustainable over that period of time. The stock surged after September so ET might not be the biggest deal on the market right now.

Company Metrics

Dividend Yield	3.75%	P/E Ratio	16.41
5yr Div Growth	60.95%	ROE	17.56%
Payout Ratio	62.58%	1yr Sales Growth	-5.13%
5yr EPS Growth	5.54%	5yr Sales Growth	6.80%

DIVIDEND STOCK ANALYSIS

National Bank – NA

Company Description:

National Bank is the 6th biggest bank in Canada. It provides various financial services to individual, commercial and institutional clients. Their services range from regular banking, investment advice, insurance, brokerage, mortgages, loans, etc. NA is considered more as a regional bank with a leader position in the province of Quebec.

Strengths:

National Bank has been able to keep its main market (Quebec) out of competitors reach so far. It has established an important market share among high net worth clients through the creation of Private Wealth 1859 and several acquisitions. Their trading division is also profitable. Overall, NA is the 5th most solid bank across the world according to Bloomberg.

Weaknesses:

RBC, TD and BMO are eyeing the Quebec territory. This will definitely hurt National Bank's margin as these behemoths will definitely offer great rates and promotions to acquire new clients. It will be interesting to see how NA will react on its own playground.

Company Metrics

Dividend Yield	4.09%	P/E Ratio	8.67
5yr Div Growth	6.20%	ROE	22.46%
Payout Ratio	38.36%	1yr Sales Growth	14.16%
5yr EPS Growth	8.35%	5yr Sales Growth	-1.38%

DIVIDEND STOCK ANALYSIS

Rogers Communications –RCI.B

Company Description:

Rogers is a diversified communications and media company. The company is divided into three divisions: wireless, cable and media. While the Rogers business is similar to Telus when we compare wireless and cable services, RCI.B has an extra division called media. Rogers broadcasting has increased, notably through the acquisition of the Toronto Maple Leafs and the ownership of the Blue Jays that will certainly feed Rogers Sportsnet.

Strengths:

Rogers' impressive financial metrics lead me to think that it could definitely be a great pick for 2013. You may think that the NHL lockout will influence Rogers media division but it's the opposite. On a short term perspective, Rogers is saving on TV show production costs while people didn't unsubscribe for one season lost. This is why Rogers media could make even more money if there is no hockey for the season 2012-2013.

Weaknesses:

While the growth numbers are interesting, you may ask how much more can Rogers pull out of the Canadian market. I read analysts' similar comments on Telus this year. Mind you, Telus was able to beat their expectations.

Company Metrics

Dividend Yield	3.60%	P/E Ratio	14.57
5yr Div Growth	36.08%	ROE	40.17%
Payout Ratio	49.01%	1yr Sales Growth	2.36%
5yr EPS Growth	21.16%	5yr Sales Growth	4.11%

DIVIDEND STOCK ANALYSIS

Power Corporation - POW

Company Description:

Power Corporation is a holding company. It owns interests in several other companies such as Investors Group (IGM) and Great West (GWO). Their primary core of business is investments, financial planning and life insurance. It also owns interest in communications and media through Square Victoria Communication Group.

Strengths:

Power Corporation is an important player in the financial services in Canada. Notably, Investors Group is the biggest mutual fund company in Canada. It is a well-diversified dividend paying machine. EPS was down during the economic crisis (from 2008 to 2010) but POW show stronger metrics since 2011.

Weaknesses:

If interest rates continue to stay low (which will probably be the case), the life insurance (Great West, London Life, Canada Life) segment of Power may continue to hurt. As the investment market is shifting towards low cost ETFs, Investors' mutual funds and its high MERs may also be at risk. However, they are doing a good job at selling financial planning to their clients in exchange for higher MERs on funds.

Company Metrics

Dividend Yield	4.70%	P/E Ratio	11.44
5yr Div Growth	5.74%	ROE	1.62%
Payout Ratio	52.67%	1yr Sales Growth	0.28%
5yr EPS Growth	16.61%	5yr Sales Growth	16.18%

DIVIDEND STOCK ANALYSIS

Royal Bank - RY

Company Description:

Royal Bank is the largest bank in Canada in asset base. It provides various financial services to individuals as well as commercial and institutional clients. Their services range from regular banking, investments, insurance, brokerage, mortgages, loans, etc. RY has been quite active in the USA since 2008 in order to increase its profits.

Strengths:

2012 results were quite good and opened the way for RY to perform well in 2013. RY even surprised analysts with a 22% profit jump over the last quarter of the year. With a relatively low payout ratio, we can count on RY to increase its dividend again in 2013. We also can expect most Canadian banks to go back to their previous-2008 tradition of increasing their dividends twice per year.

Weaknesses:

The Canadian housing market has been the biggest concern for banks. If the housing market starts to collapse in 2013, banks won't have any other choice but to increase their provisions for bad debts. This would have an immediate impact on their profitability.

Company Metrics

Dividend Yield	4.17%	P/E Ratio	12.23
5yr Div Growth	4.61%	ROE	19.21%
Payout Ratio	46.61%	1yr Sales Growth	2.28%
5yr EPS Growth	11.37%	5yr Sales Growth	-1.86%

Telus - T

Company Description:

Telus offers residential phone, internet, TV and mobile phone services. Back in 2008, Telus also bought Emergis, a leading electronic healthcare solutions provider and then created Telus health Solutions. Considering the number of wireless subscribers, Telus is the 3rd largest provider in Canada. Interesting enough, T is gets 49% of its revenue from Wireline and 51% from Wireless.

Strengths:

Telus has successfully started its transition from its previous core business (wireline) to mobile and wireless services. In 2012, it showed the stock market that it was still able to continue their growth. Telus shares have been outperforming BCE for the past two years at least and will continue in 2013. T continues to rack-up profits from its main market (Western Canada) and used it to penetrate Central Canada with success.

Weaknesses:

So far it hasn't been a problem, but margin pressures could eventually affect Telus profitability. This is the price of competing against other behemoths (BCE, Shaw and Rogers) in a mature market.

Company Metrics

Dividend Yield	3.79%	P/E Ratio	16.98
5yr Div Growth	9.67%	ROE	15.73%
Payout Ratio	58.65%	1yr Sales Growth	6.18%
5yr EPS Growth	6.36%	5yr Sales Growth	3.78%

The Most Important Part of This Book

Reading this book was a great start for 2013 but you are not done yet. In order to manage your portfolio like a pro, you need to keep yourself up-to-date with what is going on in the stock market. This is why I created several ways to support your investing journey.

If you liked this eBook, you'll like this:

I don't know where you got this eBook but if you like it, here are few other places where you can find my work:

My Newest Book:

Electronic & Paper version!

Dividend Investing Sites I author:

- ✓ www.TheDividendGuyBlog.com (Newsletter)
- ✓ www.CanadianDividendStock.com (Newsletter)
- ✓ www.WhatisDividend.com
- ✓ www.DividendStockAnalysis.com (Newsletter)

  (200+ stock analyses!)

If you have any comments or questions regarding this eBook or my sites, please send me your email at thefinancialblogger@gmail.com and **don't forget to forward this eBook to AT LEAST 3 of your friends!**

Best regards,

Mike

The Dividend Guy

Disclaimer: I own shares of CVX, INTC, JNJ, STX, NA, T