3 Dividend Stocks Down in 2018 That Are Now Paying Up to 6%

Description

When dividend stocks fall, yields rise – potentially an opportune time to buy. Even if a stock declines as a result of a poor performance or bad news, as long as its fundamentals aren't impacted and it still has a good outlook, investors should consider buying on the dip. A dividend stock can be a great source of cash flow for your portfolio, and could indeed increase over time, as a company might raise its payouts if it is doing well.

Below are three dividend stocks that have been struggling in 2018 and could therefore be great buys today.

Fortis Inc. (TSX:FTS)(NYSE:FTS) has dropped 10% since the start of the year and is now yielding 4.1% per year. Fortis is a blue-chip dividend stock that offers investors a lot of stability, and it's a great buy given how much value it offers investors. The share price trades at only 1.3 times its book value and 18 times its earnings in the past year.

Fortis has also grown significantly over the years, with its revenues doubling in the past four years, averaging a compounded annual growth rate (CAGR) of 20%. That's impressive growth for a stock that would normally be a play for value and dividend investors. Fortis is not an average utility stock and provides investors with many opportunities to earn a great return.

Over the past five years, the share price has increased 23%, while dividend payments have grown 37%, for a CAGR of 6.5%.

Element Fleet Management Corp. (TSX:EFN) has crashed ~40% year-to-date. An uninspiring outlook earlier this year along with news that its CEO would be leaving sent the stock into a big sell-off that it still hasn't recovered from. While the company may be facing some challenges, its financials are still strong.

The company saw sales drop by 5% last quarter, and while that may be disappointing, over the past four quarters it has accumulated strong free cash flow of $247 million, which is more than enough to cover dividend payments of $157 million during that time.

With a yield of 5.2%, Element provides a good quarterly yield for investors, and with the stock trading at nearly half its book value, it could be a bargain buy.

Chorus Aviation Inc. (TSX:CHR.B) has seen its share price slide nearly 20% in the first five months of the year despite air travel being on the rise recently. In its most recent quarter, Chorus saw its sales climb over 8%, and while that initially gave the stock a boost, it has declined since then.

At a price-to-earnings ratio of just seven and a price-to-book multiple of 2.8, it's a good value even though it may be trading a bit higher than some of its peers. The stock is less than a dollar away from its 52-week low, so it could be a good buy on the dip.

Chorus also pays investors a dividend of more than 6% thanks to this big price drop. The stock has begun to settle down a little after a seemingly endless decline in price.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CHR (Chorus Aviation Inc.)
3. TSX:EFN (Element Fleet Management Corp.)
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Author
djagielski