

Investors Can Get Rich by Investing in Names After Major Sell-Offs!

Description

As interest rates have steadily increased throughout the year, an interesting phenomenon has been experienced by a number of mature companies that pay out a large percentage of their profits in the form of dividends: share prices have been declining, and dividend yields have been increasing in spite of very little additional profit. In fact, many companies are starting to experience a tightening of margins, as higher interest costs are eating into the bottom line.

For investors who remember the events coming out of the 2008/2009 recession, the increase in the bottom line was, in many cases, due to cost-containment and cost-cutting initiatives undertaken by management. Only in the past three to five years have many of these companies started to experience an actual increase in revenues, which, for certain names, has yet to materialize. Enter **Intertape Polymer Group** ([TSX:ITP](#)) whose [share price](#) has steadily declined, as the market for selling adhesive (tape) has finally started to become saturated.

Many investors have finally realized that there is very little growth remaining for the company, so the question is, where will earnings growth will come from? Without earnings growth, there would not be any substantial return for those holding shares, which has resulted in a sell-off in a business with only few well-established competitors. Due to this, the dividend yield has now crossed the 4% mark! At a price of \$17, shares seemed to have finally hit a floor, as the dividend yield will act to keep shares from going any lower.

In line with Intertape is another mature company in a forgotten industry. At a current price under \$10 per share, **High Liner Foods Inc.** ([TSX:HLF](#)) is currently paying a 6% dividend yield, as the potential for higher revenues and any large catalyst in earnings growth seems to be lacking. The [potential](#) that this represents to investors is huge!

Given the lower market valuation and unique business model, the company has become a much more attractive takeover target to bigger food companies seeking to expand. The short-term challenge, however, may just be the extremely difficult business environment that is being dominated by High Liner Foods over competing firm **Clearwater Seafoods Inc.**, which has now lost money in two consecutive quarters. Until this competitor is firmly “underwater,” any pricing power that either company once enjoyed will be negated as at least one name is fighting for survival.

As interest rates have squeezed the bottom lines of many companies, investors need to approach the investing process with more caution than ever before. Not only has it become more challenging to maintain debt, but many companies have seen their shares sell off because the dividends paid are no longer attractive enough. In this new environment, certain names have become extremely attractive to those willing to do their homework.

Happy investing!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:ITP (Intertape Polymer Group)

PARTNER-FEEDS

1. Msn
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