



3 Tasty Food Stocks Paying Very Juicy Dividends

Description

Food stocks, particularly fast-food stocks, are unique investments that can offer [incredible growth](#) and income-earning potential for long-term investors. Adding to that appeal is the fact that unlike many other investments on the market, fast-food stocks are largely immune to market volatility that could plague the market at any point. In fact, when the market goes south, fast-food restaurants typically pick up rather than retreat.

Here are several compelling investment options from that segment that are worthy of consideration.

A&W Revenue Royalties ([TSX:AW.UN](#)) is an interesting option that is often overlooked by investors. In short, the chicken and burger chain has over 960 restaurants in Canada that collectively contributed to sales of over \$1.4 billion in 2018. All of those restaurants are franchisee-owned, apart from nine locations in the Ottawa market that are corporate-operated.

In terms of results, A&W reported same-store sales growth of 9.8% over the full fiscal year, translating into a 12% uptick in net income for the year, which was primarily attributed to new stores entering the royalty pool, which continues to grow. New stores is not the only aspect of that growth either; new menu items, such as the Beyond Meat burgers as well as breakfast sandwiches, have proven wildly popular and are likely to act as catalysts for further growth into new underserved markets around the country.

Turning to A&W's dividend, the monthly distribution could best be described as a steady stream of incremental upticks that spans years, with four upticks coming in the prior 12-month period alone. The current distribution of \$0.147 provides a yield of just over 4.4%.

Looking at the stock price, year to date, A&W is up 15% with that gain accelerating to over 25% over the course of the last full year. Despite that strong growth, A&W remains a top pick among long-term investors looking for growth and income.

Pizza Pizza Royalty ([TSX:PZA](#)) is a name that many Canadians will recognize as the name behind the Pizza Pizza and Pizza 73 brands. The royalty structure of the company has Pizza Pizza-branded stores providing 6% of revenue, while the Pizza 73 stores provide 9% of revenue towards the royalty

corp. This translates into a potentially lucrative growth model, particularly as long as same-store sales figures remain constant, which leads me to why this is an intriguing buy at the moment.

Pizza Pizza realized negative same-store sales in 2018, which resulted in the company's payout ratio topping out over 100% — a concern for many investors and one of the reasons why the stock took a sharp dip. In fact, the stock is still down over 25% when reviewing the trailing 12 months, despite being up 16% year to date in 2019.

Since then, Pizza Pizza has begun to work on expanding its menu appeal to a broader audience, but the fact remains that Pizza Pizza is a predominant brand in Canada that has a large footprint and deep pockets to weather that over 100% payout for at least the next few years.

The current monthly distribution works out to \$0.071 per share, giving the stock a juicy annual yield of just over 8%.

Who doesn't love pizza? **Boston Pizza Royalties** ([TSX:BPF.UN](#)) is another pizza stock with a monthly distribution that pays an appetizing yield north of 8%. With nearly 400 locations across the country that together provided \$1.1 billion in system-wide sales during 2018, there's little reason to doubt that growth will continue in 2019 and beyond.

The monthly payout is not only a compelling reason to consider the stock, but the growth of that dividend over the years is also a consideration to take into account. Specifically, the company has clocked in 18 hikes to that payout since 2002, and the current payout level, which hovers near 100% of free cash flow, is sufficiently covered.

Year to date, Boston Pizza is trading up over 16%, while over the past 12-month period the stock is down by almost that same amount, making it an ideal time for [long-term income seekers](#) to buy a great income producer at a good rate.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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