



## TFSA Investors: 3 Dividend Stocks on Sale Yielding up to 7.7%

### Description

The best time to buy stocks is when they're cheap. That much is obvious.

The big issue is figuring out the difference between a temporarily beaten-up stock and one that's on the cusp of a death spiral. The former is an opportunity. The latter is something to be avoided at all costs.

One of the easiest ways investors can identify a [value opportunity](#) compared to a value trap is to look at the top line. Consistent growing revenue is imperative. Companies without it are usually doomed to failure.

Let's take a closer look at three interesting value stocks — dirt-cheap names that would fit perfectly inside any TFSA. Each of these stocks also pays a dividend — a nice consolation prize while waiting for the company to recover.

### Maple Leaf Foods

**Maple Leaf Foods** ([TSX:MFI](#)) shares recently tanked on lacklustre earnings, falling to a new 52-week low. Shares of Canada's largest meat producer fell as low as \$22.42 each, the cheapest level in more than three years.

Investors were especially disappointed in the company's net income number for the quarter. Earnings came in at just \$0.13 per share — a 50% haircut compared to the same quarter last year. The company blamed volatile hog prices and a Chinese ban on Canadian pork imports for the crummy quarter.

But it's not all bad news. The top line increased by more than 13% compared to the same quarter last year, and sales were up more than 5%, excluding the impact of acquisitions. The company's plant protein group also posted nice top-line sales growth, with that part of the business expanding revenue by more than 25% on a year-over-year basis. Finally, management announced a big investment in a new poultry plant, which should help it achieve better margins from that part of the business.

Maple Leaf shares currently yield a robust 2.5%, a fine consolation prize while waiting for the stock to recover. The company also has a history of increasing its dividend.

## Methanex

Despite rallying smartly from recently lows, it still hasn't been a good year for **Methanex** ([TSX:MX](#)) shareholders. Shares have fallen nearly 50% over the last 52 weeks.

One thing is responsible for much of this poor result, and that's the price of methanol. Prices in the U.S., European, and Asian markets peaked back in 2018. Prices in both the United States and Europe are down about 20% since; in Asia, prices have declined even more.

There are reasons to be bullish, however. The company has the capacity today to increase production by 20% without investing much. It has the advantages that come with being the undisputed leader in methanol production. And demand should continue going higher over time as governments around the world insist on cleaner fuel.

Methanex's management has done an excellent job buying back shares consistently over the years. The share count has been reduced by more than 19% since 2012. It has hiked the dividend each year since then too, increasing the payout 93% per share in that time. Shares currently yield 3.6%.

## Inter Pipeline

**Inter Pipeline** (TSX:IPL) shares are currently cheap because the market is concerned the pipeline operator has bitten off more than it can chew with its proposed Heartland Chemical Complex project. Heartland is projected to cost \$3.5 billion, but it'll add some \$500 million in earnings before interest, taxes, and depreciation. That's a nice return on investment.

The company's pipeline business continues to do fine, pumping out gobs of [predictable cash flow](#). Its oil sands pipelines are currently well under capacity, meaning it'll be in a good position to transport any new supply that comes from the region. It also has the potential to grow its other businesses, including conventional oil pipelines, natural gas pipelines, and fuel storage.

Rumours flew around the stock a few months ago when an anonymous bidder made a \$30 per share bid for the company. Shares trade hands at a little over \$22 today. That's some nice upside potential.

In the meantime, investors are treated to one of the best dividends out there — a 7.7% yield. The payout has been hiked each year over the last decade, too.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **TICKERS GLOBAL**

1. TSX:MFI (Maple Leaf Foods Inc.)
2. TSX:MX (Methanex Corporation)

## **PARTNER-FEEDS**

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