2 Dirt-Cheap Dividend Stocks Yielding up to 14%! Should You Buy Today?

Description

Last week, I'd discussed two high-yield dividend stocks that were in enticing value territory for investors. Discounts are hard to come by on the TSX right now, with the index hovering around a record high. Today, I want to look at two more dividend stocks that may be worth buying on the dip. One offers a double-digit dividend yield percentage wise. Let's dive in.

Finning International

Finning International (TSX:FTT) is a Vancouver-based company that is the world's largest **Caterpillar** dealer. It sells, rents, and provides parts and services for equipment and engines to customers across a broad array of industries. Its stock has plunged 9.9% week over week as of close on February 14.

The company released its fourth-quarter and full-year results for 2019 on February 12. Fourth-quarter EBITDA rose 21% year over year to $170 million, and revenue increased 4% to $1.91 billion. However, net income and earnings per share fell 10% and 8%, respectively. Earnings were negatively impacted by social unrest in Chile, higher finance costs, and higher long-term incentive plan costs.

For the full year, net revenue climbed 4% to $7.29 billion, and adjusted EBITDA increased 19% to $750 million. Finning expects solid tailwinds in 2020 including improved execution in South America, a lower cost base in Canada, and reduced finance costs. The stock last paid out a quarterly dividend of $0.205 per share, which represents a 3.8% yield. It has achieved dividend growth for over 15 consecutive years.

This post-earnings dip is a perfect time to add Finning International stock. Shares last possessed a favourable price-to-earnings ratio of 14 and a price-to-book value of 1.6. Better yet, the stock last had an RSI of 24. This puts Finning well into technically oversold territory. Investors should jump on this buy signal today.

Chemtrade Logistics

In late October, I'd discussed how investors can scoop up huge tax-free income on an annual basis by targeting high-yield dividend stocks. **Chemtrade Logistics** (TSX:CHE.UN) was one of the stocks I'd focused on. The company provides industrial chemicals and services in Canada, the United States, and South America.

Shares of Chemtrade have dropped 23% over the past month as of close on February 14. The company will release its fourth-quarter and full-year results for 2019 this week on February 20. In the third quarter, Chemtrade saw revenue drop $22.5 million year over year to $395.7 million. The drop was primarily due to lower prices for caustic soda and hydrochloric acid that offset higher sales of water products.

On the plus side, adjusted cash flow from operating activities came in at $56.8 million compared to $36.2 million in the prior year. For the first nine months of 2019, adjusted cash flows have climbed to $126.5 million over $70.6 million in 2018. In the year-to-date period up to Q3 2019, revenue was mostly flat.

Chemtrade last paid out a monthly dividend of $0.10 per share. This represents a monster 14% yield. The stock has been highly volatile, and Chemtrade needs to make up ground with its earnings or it may risk a dividend cut. However, the stock last had an RSI of 16, which puts it deep in oversold territory. The buy signal is tempting, as Chemtrade offers up such a high yield, but investors should take care, as this dividend may not be safe.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:FTT (Finning International Inc.)

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