



Market Crash: \$10,000 in This Dividend Stock Pays \$1,600 a Year

Description

The market crash placed most stocks at a discount. Some investors lost a great deal of money by joining the selling frenzy, while others fortified and enhanced their portfolios by picking up amazing stocks at rock bottom prices. For investors who are still looking to buy, many companies are trading far below their fair value.

For those of you who are looking for dividend stocks to generate a [passive](#) income, this crash might be a once-in-a-decade opportunity. Many dividend stocks are offering their best yields in years. Many that were already generous with their payouts have entered the double-digit yields. One such stock is the **CanWel Building Materials Group** (TSX:CWX)([NASDAQ:SCWX](#)).

The company

CanWel is a Vancouver based building material company. The company distributes lumbar and renovation products as well. It's Canada's only fully vertically integrated organization of its type, which means that it has integrated all the steps of the production process, supply chain, and distribution under one unit. It owns timberlands (117,000), treatment plants, and distribution centres.

The company also has its own log harvesting and trucking operations, as well as post and pole peeling facilities. This kind of self-sufficient operation is supposed to increase profitability and reduce reliance on other businesses. CanWel also has a strong presence in the U.S.

The stock

CanWel's stock doesn't offer a lot of capital growth opportunities, however. Ever since the last recession, the stock has fluctuated around \$5 per share. Currently, it's trading at \$3.35 per share, which is 37% down from its value at the beginning of the year. Market capitalization right now is just \$266 million. The balance sheet looks strong enough.

The current ratio is at 2.8 times, and the company grew its revenue by 11% on year-over-year basis.

The operating cash flow is also substantial, equal to one-quarter of the company's market capitalization.

The dividend

The company has been paying dividends for over a decade now and hasn't changed its payouts since 2014. Currently, it pays a quarterly dividend of \$0.14 per share, which translates to a juicy yield of 16% at the moment. That means a \$10,000 [investment](#) in CanWel, can easily earn you a yearly income of \$1,600 or \$133 a month.

The company will pay off more than the initial investment in just seven years. The payout ratio looks relatively unstable at 254%.

Foolish takeaway

As a dividend stock that isn't an aristocrat, CanWel doesn't earn the same kind of credibility. Still, it has a consistent dividend payment history, and the revenue stream appear solid.

Unless the construction industry takes a major hit following the impending recession, the chances of CanWel slashing its dividends seem relatively low.

The payout ratio might put investors off, but it's a risk you may want to consider taking if you want to bag this amazing yield.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NASDAQ:SCWX (SecureWorks)
2. TSX:DBM (Doman Building Materials Group Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
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Date

2025/07/21

Date Created

2020/04/22

Author

adamothonman

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