1 High-Yield Dividend Stock With a Juicy 9.22% Payout

Description

As COVID-19 continues to disrupt livelihoods and businesses, people look for earning opportunities to fortify liquidity positions. The stock market is highly volatile these days, but it's the only place where you can make the most and create extra income.

Sometimes, you need to take on some risks to achieve your financial goals. Long-term investors generally have aggressive risk tolerance. Understand also that stock investing is a risk-and-reward endeavour. Theoretically, the higher the risk, the higher the returns.

Today, one investment prospect that should align with moderate to high-risk tolerance is **Keyera** (TSX:KEY). The energy stock is underperforming and losing by 34.51% year to date. However, the tradeoff here is that it's a high-yield dividend stock. Despite belonging to the energy sector, income investors have been holding on this stock for years.

Impressive performance

The year hasn't been good for Canada's energy industry. Thus far, the COVID-19 pandemic is compounding the struggles of the most prominent players. Keyera isn't exempt from the carnage, notwithstanding its status as the largest Canadian midstream energy company.

This $4.6 billion company from Calgary provides essential services to oil and gas producers in the Western Canada Sedimentary Basin. Other vital services include natural gas liquid (NGL) gathering and processing, fractionation, storage, transportation, logistics and marketing services.

More value-added services are diluent logistics services for oil sands customers. The company has built a reputation as an expert in operating complex energy processing facilities safely and responsibly. It has a firm industry footing owing to a talented management team and high-quality infrastructure business.

In the first half of 2020, the company reported strong results in the face of coronavirus and low commodity prices. Unlike other energy companies that incurred massive losses, Keyera posted positive numbers.

The net earnings for the six months ending June 30, 2020, were $103.4 million, although it was a 60.2% decline versus the same period in 2019. Still, management finds the results impressive and indicates a resilient integrated business supported by secure long-term contracts.

Growth drivers

Keyera's 2020 capital program is going according to plan. Its Pipestone gas plant began processing volumes for anchor customer, Ovintiv, last month. This quarter, the company expects to commission the Wapiti gas plant (phase two) and commence operations in the Wildhorse crude oil storage and blending terminal in Cushing, Oklahoma.

The projects mentioned earlier should substantially complete the current capital program. Keyera will focus next on the development of the KAPS pipeline. The said pipeline will transport condensate and natural gas liquids from the Montney to the company's liquids infrastructure assets in Fort Saskatchewan by 2023.

Because of the high entry barriers, Keyera expects to see further growth of its liquid infrastructure segment in the entire Western Canada Sedimentary Basin.

Dividend all-star

Assuming you can afford to invest $50,000 in Keyera, the dividend earnings would be $4,610 annually. In a 10-year holding period, your capital will compound by 241.6% to $120,779.08. Market analysts recommend a buy rating and set a price target of $30 (+44%) in the next 12 months. With its nine consecutive years of dividend increases, Keyera is a dividend all-star.

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