



2 Dividend Beasts With Huge 7% Yields

Description

Specialty chemicals and pizza aren't the [best businesses](#) to invest your money in amid the pandemic environment. However, income investors won't ignore **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) and **Boston Pizza Royalties** ([TSX:BPF.UN](#)) easily. Both are the TSX's [dividend beasts](#).

The average dividend yield of the industrial stock and the royalty stock is a high of 7.18%. Assuming you have \$20,000 free cash to invest, the money will generate \$1,436 in dividend earnings. It should be an instant [boost to your disposable income](#). Besides the generous yields, you won't spend more than \$15 per share to own this pair of dividend payers.

Steady performance

Despite the lower sales volume during the pandemic, Chemtrade isn't a mediocre or poor performer. Current investors enjoy a 45% year-to-date gain on top of the 7.49% dividend. Also, at \$7.91 per share, the trailing one-year price return is 104%.

The \$819.36 million company derives revenue from three strategic business segments that produce high-quality industrial chemical products. Chemtrade caters to customers in industries such as gasoline, motor oil, fine paper, metals, and water treatment, among others. The Sulphur Products & Performance Chemicals (SPPC) group is among North America's largest suppliers of Sulphur-based products.

In the six months ended June 30, 2021, total revenue dropped 9% to \$649.7 million versus the same period last year. However, the net loss of \$34.5 million was a 93% improvement compared to the first half of 2020. According to management, the decline in revenue was primarily due to reduced demand and lower sales volume, not to mention the stronger loonie versus the U.S. dollar.

Barring lockdowns and significant unplanned downtime in its facilities, Chemtrade expects to end 2021 with an adjusted EBITDA of between \$245 million and \$260 million. The forecast is more or less comparable to the figure in 2020. On September 30, 2021, management announced entering a definitive agreement to sell its Potassium Chloride and Vaccine Adjuvants businesses.

Chemtrade will receive US\$155 million once the transaction with a manufacturer of specialty products closes in Q4 2021. The company will use the proceeds to pay down debt. Meanwhile, the stock carries a buy rating from analysts who forecast a 16% return potential in 12 months.

Business recovery

Boston Pizza prides itself as Canada's number one casual dining brand. While the Boston Pizza concept has a single brand focus, it targets two distinct customer demographics. The \$319.59 million income fund is a franchisor of casual dining pizza & pasta restaurants and sports bars.

In the first six months of 2020, Boston Pizza incurred a \$9.33 million net loss. However, the business rebounded strongly in the first half of 2021. While system-wide gross sales, total revenue, and restaurant count were lower, management reported a net income of \$19.32 million.

Interestingly, current investors of the royalty stock are up 43% year to date. Also, at the current share price is \$14.85 per share, the corresponding dividend yield is 6.87%. Would-be investors must understand the seasonal nature of the full-service restaurant industry in Canada.

According to management, franchise sales are strongest in the second and third quarters but slow in the first and fourth quarters. Other seasonal factors that could positively or negatively impact restaurants in the royalty pool are tourism and the weather.

Investors' confidence

The dividend beasts might not be risky prospects after all. Their steady performances on the TSX indicate investors' confidence.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/14

Date Created

2021/11/03

Author

cliew

default watermark

default watermark