



2 High-Yield Dividend Stocks for Income Investors

Description

Rising inflation is impacting the ability to save and invest in 2022. It's become imperative for Canadians to beat inflation while policymakers work to bring the rate down. The place to make the most of your money and produce extra income is the stock market.

Recession fears will continue to linger until the Bank of Canada tempers or pauses interest rate increases. Strategists suggest staying invested despite the [heightened volatility](#). However, they also advise investors to be more selective in the current environment.

On this note, **Keyera** ([TSX:KEY](#)) and **Transcontinental** ([TSX:TCL.A](#)) are two high-yield dividend stocks that are suitable for income investors, including [beginners](#). The former continues to grow its cash flows, while the latter expects organic volume and revenue growth in fiscal 2022. If you have both in your stock portfolio, the average dividend yield is a juicy 5.875%.

Superb business mix

Keyera is beating the market year-to-date, +15.8% versus -9.2%. This \$7 billion integrated energy infrastructure company offers an over-the-top 6.05% dividend yield, and the payout is monthly, not quarterly. According to its President and CEO, Dean Setoguchi, the company is well-positioned to continue to generate shareholder value for decades to come.

Financial results in the first half of 2022 are mighty impressive. Net earnings increased 74.4% to \$286.8 million versus the same period in 2021. Funds from operations climbed 22.5% year-over-year, while cash flow from operating activities grew 72.4% to \$655.82 million.

Keyera derives revenue from three critical businesses in North America's oil & gas midstream industry. In Q2 2022, the gathering and processing segment reported a record realized margin of \$88 million.

Strong demand for fractionation services drove the realized margin of the liquids infrastructure business higher to \$98 million. The marketing segment posted the highest realized margin growth (105% to \$162 million).

A growth catalyst to look forward to is the Key Access Pipeline System (KAPS). Keyera is the developer of this project which is almost 70% complete. KAPS is a natural gas liquids (NGL) pipeline that runs from Montney and Duvernay production sites in northwestern Alberta to Fort Saskatchewan, Alberta.

Keyera's business mix provides a competitive advantage. Its contracted cash flows from fee-for-service arrangements are stable and growing. The infrastructure business takes care of the growing dividend over time, while the marketing segment funds infrastructure projects like KAPS.

Positive business outlook

Transcontinental is a leading flexible packaging firm in North America and the largest printer in Canada. The \$1.48 billion company is also the leading Canadian French-language educational publishing group. This year has been challenging due to supply chain disruptions and inflationary pressures.

However, management expects improved performance in the back half of fiscal 2022. In the six months ended May 1, 2022, consolidated revenue grew 12.8% year-over-year to \$160.1 million, although net earnings fell 26.2% to \$46.7 million. Lower adjusted operating earnings caused the drop.

Peter Brues, Transcontinental's President and CEO, maintains a positive outlook for the core business segments. He expects organic volume growth from the packaging segment and significant revenue growth from printing. This dividend stock currently trades at a discount (-15.8% year-to-date), and at \$16.45 per share, the dividend yield is a fantastic 5.52%.

Sustainable dividends

The **TSX** is riskier than usual in 2022, but high-yield stocks like Keyera and Transcontinental are equipped to overcome the headwinds and sustain attractive dividend payments.

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