3 TSX Stocks with Super-Safe Dividends

Description

The news of a coming recession is distressing for income investors, including retirees, because dividends could shrink or stop. While Canada's headline inflation edged lower to 6.3% in December 2022, it remains above the Bank of Canada's 2% target. Karyne Charbonneau, **CIBC's** executive director of economics, said the decline wouldn't stop the central bank from raising interest rates.

If you want to keep your income stream going, consider taking a position in **Canadian National Railway** (TSX:CNR), **Ritchie Bros. Auctioneers** (TSX:RBA), or **TFI International** (TSX:TFII). These industrial stocks pay modest dividends, but they should be super-safe.

Enduring profitable growth

CNR's business could slow down in 2023 but won't wither amid inflationary pressures. The $112.9 billion Class 1 freight railway is a trade enabler and essential to the Canadian economy. Its railroad network transports enormous volumes of finished goods, manufactured products, and natural resources throughout North America annually.

According to its President and CEO, Tracy Robinson, CNR's back-to-basics approach continues to drive strong results. In the nine months that ended September 30, 2022, total revenues increased 17.2% to $12.6 billion versus the same period in 2021. In Q3 2022, the $4.5 billion in revenue and $1.93 billion in operating income were new records. The year-over-year increases were 26% and 44%, respectively.

The large-cap stock trades at $166.65 per share (+3.61 year-to-date) and pays a 1.78% dividend.

Market leader with brand, data and scale advantage

Ritchie Bros. engages in the buying and selling of used heavy equipment, trucks, and other assets. The $8.9 billion asset management and disposition company, whose global network includes 40 permanent auction sites, operates in more than 15 countries. At $79.97 per share, investors partake in the 1.85% dividend yield.

Apart from the core auctioning business, the company offers value-added services such as insurance, refurbishing, shipping, and warranties. Clients with financing and leasing needs are directed through Ritchie Bros. Financial Services. According to management, the omnichannel marketplace is well-positioned for growth.

Furthermore, robust revenue growth is on the horizon with the merger with a leading global digital marketplace connecting vehicle buyers and sellers. Ritchie Bros. will acquire IAA for $7.3 billion (stock and cash deal) and expects to complete the transaction by the first half of 2023.

Vast network and client base

TFI International's competitive advantage is its vast e-commerce network that covers over 80 cities in North America. This $12.3 billion company provides a full complement of transportation and logistics services and continues to enhance its logistical network.

Management reported stellar financial results in Q3 2022. The total revenue, operating income, and net income increased 7.07%, 66.2%, and 86.3% to US$2.24 billion, US$318.44 million, and US$245.19 million, respectively, versus Q3 2021. Notably, its free cash flow (FCF) climbed 73.1% year over year to US$292.1 million.

The stock is a profitable investment, given its impressive total return of 223.9% in 3 years. It translates to a compound annual growth rate (CAGR) of 47.9%. If you invest today ($141.25 per share), the dividend offer is 1.33%.

Dividend aristocrats

Income investors should have the confidence to invest in CNR, Ritchie Bros., and TFI International because they are dividend aristocrats. The railroad operator has increased its dividends for 26 consecutive years while the dividend growth streaks of the auctioneer and leading logistics firm are 19 and 11 years, respectively.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CNR (Canadian National Railway Company)
2. TSX:RBA (Ritchie Bros. Auctioneers)
3. TSX:TFII (TFI International)

PARTNER-FEEDS

1. Business Insider
2. Flipboard

3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. cliew

Category

1. Dividend Stocks
2. Investing

Date
2025/08/11
Date Created
2023/01/19
Author
cliew