2 Lucrative Dividend Stocks to Buy Before the Month Ends

Description

The time is ripe for adding dividend stocks to your equity portfolio, as you can benefit from a stable stream of recurring income, despite a challenging macro-environment. In addition to regular dividend payouts, quality dividend stocks also deliver returns in the form of capital gains.

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So, if you are looking to buy and hold shares of dividend-paying companies, here are two lucrative TSX stocks you should consider before the end of February.

A restaurant giant

Fast-food chains remain popular among consumers globally due to their low prices and rapid delivery systems. While the onset of the COVID-19 pandemic resulted in nationwide shutdowns, quick-service restaurants stayed relevant due to curbside pick-ups, home delivery services, and drive-thru options.

Now that the pandemic is limping to an end, these companies can benefit from the investments made in improving their tech stack and the digital space. One such quality company part of the Canadian stock market is **Restaurant Brands International** (TSX:QSR), which owns brands such as Burger King, Firehouse Subs, Tim Hortons, and Popeyes.

There are about 3,500 Popeyes outlets globally, while for Firehouse Subs, this number stands at just 400. So, in the next few years, there is a good chance for Firehouse Subs to increase its presence in multiple markets providing QSR with enough runway to ramp up store count growth and drive the top line higher.

QSR currently offers investors a quarterly dividend of US$0.55 per share, and the company aims to increase the payout to US$1 over time. It suggests QSR will continue to raise dividends in the future, making its current yield of 3.3% even more attractive.

Restaurant Brands is targeting growth in several developing markets such as India and Brazil. Analysts expect QSR to increase revenue from US$6.5 billion in 2022 to US$7.2 billion in 2024. Priced at 20.5 times 2024 earnings, QSR stock is reasonably priced.

A top dividend stock

Cascades (TSX:CAS) produces packaging and tissue products primarily consisting of recycled fibres. Its customer base includes food processing companies and players part of the accommodations and housing industry, in addition to micro-businesses and boutiques.

Among the cheapest stocks on the TSX, Cascades is valued at a market cap of less than $1 billion. Comparatively, its sales are forecast at $4.45 billion in 2022 and $4.84 billion in 2023. Moreover, adjusted earnings might surge to $0.78 per share in 2023 from $0.26 per share in 2021.

So, the stock is priced at 0.2 times forward sales and 12.6 times forward earnings. CAS stock is undervalued, given its adjusted earnings are forecast to rise by 37% annually in the next five years.

In addition to its stellar earnings growth, Cascades also pays investors a dividend yield of 4.9%. Cascades has tripled its dividend payout since late 2019, making it a top bet among income-seeking investors.

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The company aims to focus on margin expansion, cash flow generation, and deleveraging its balance sheet in the next two years. It also aims to allocate 4% of sales towards capital expenditures, allowing Cascades to capitalize on growth trends in key markets.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:QSR (Restaurant Brands International Inc.)

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