

"These 2 High Dividend Stocks Are Outperforming The Market"

by Robert Hauver

2015 has been a rocky road for most investors, including income investors, who've seen many traditionally strong dividend stocks get clobbered, due to declining Oil prices, and/or the threat of future interest rate rises by the Fed.

We went looking for some high dividend stocks which have started to recover, but still are quite a bit below their 52-week highs. We came up with these 2 companies, from 2 different sectors - Industrial Goods and Basic Materials.

Ticker	Company	Sector	Industry	Market Cap	IPO Date
CNNX	CONE Midstream Partners LP	Basic Materials	Oil & Gas Pipelines	\$715M	9/25/14
EVA	Enviva Partners, LP	Industrial Goods	Lumber, Wood Production	\$385.48M	4/29/15

Profiles:

CONE Midstream Partners LP, (CNNX), acquires, owns, operates, and develops natural gas gathering and other midstream energy assets in the Marcellus Shale in Pennsylvania and West Virginia. The company was founded in 2014 and is based in Canonsburg, Pennsylvania.

Enviva Partners, LP, (EVA), focuses on the production and distribution of utility-grade wood pellets to power generators. Enviva Partners GP, LLC operates as the general partner of the company. Enviva Partners, LP was founded in 2013 and is based in Bethesda, Maryland. Enviva Partners, LP operates as a subsidiary of Enviva Holdings, LP.

EVA is the world's biggest supplier by production capacity of utility-grade wood pellets to major power generators, (mostly in Europe), where rigorous environmental laws for green house gas emissions are creating strong demand for these wood pellets.

EVA owns and operates 5 production plants in the Southeastern U.S. that have a combined wood pellet production capacity of 1.7 million metric tons per year . It also owns a dry-bulk, deep-water marine terminal at the Port of Chesapeake

EVA operates on long-term "take or pay" contracts, and has all of its 2016 production , and 50% of its 2017 production pre-sold.

Dividends: You can track these stocks in our [High Dividend Stocks By Sectors Tables](#). CNNX is now listed in the Basic Materials section, and EVA is in the Industrials section.

CNNX recently upped its quarterly distribution from \$.220 to \$.228, which is 7.3% above its targeted Minimum Quarterly Distribution. It has good distribution coverage, at 1.24x.

EVA's current \$.44 quarterly payout is 6.7% above its targeted minimum quarterly distribution of \$.4125. This payout is also well-covered, with a distribution coverage of 1.21x.

Ticker	Dividend Yield	Distribution Coverage	Most Recent Distribution	Next Ex-Dividend Date (approx.)	Next Pay Date (approx.)
CNNX	7.44%	1.24	\$0.23	2/2/16	2/13/16
EVA	10.87%	1.21	\$0.44	2/13/16	2/26/16

Performance: After taking a beating in the market in most of 2015, these 2 stocks have come around and have outperformed the S&P 500 over the past month and past quarter.

Ticker	11/17/15 Price	Performance (Month)	Performance (Quarter)	Performance (Year)	Performance (YTD)	52-Week High	52-Week Low
CNNX	\$12.26	21.71%	-0.30%	-57.25%	-46.44%	-57.64%	45.25%
EVA	\$16.19	10.27%	15.88%	April IPO	-21.32%	-24.68%	40.23%
S&P 500	\$2,050.44	0.85%	-2.47%	0.45%	-0.41%	-3.95%	12.62%

Options:

We haven't been able to add any EVA or CNNX options to our [Covered Calls Table](#) or [Cash Secured Puts Table](#), as there are no options available for EVA as of yet, and CNNX's options yields aren't currently that attractive. (You can see details for income-producing trades on over 25 other stocks in these tables.)

Earnings: CNNX's Revenue and average throughput for the third quarter both increased by approximately 13% over their Q2 amounts as a result of new well connections and the impact of debottlenecking projects coming on line. Strong revenue growth combined with reduced operating expense resulted in record quarterly net income of \$19.7 million, which is a sequential quarterly increase of approximately 32%.

As a result of these strong Q3 results, CNNX's management raised its EBITDA and DCF guidance for full year 2015:

EBITDA, previously projected to be in the range of \$66 - \$72 million, is now expected to be in the range of \$76 - \$80 million. Full year Distributable Cash Flow attributable to the Partnership, previously projected to be in the range of \$55 - \$62 million, is now expected to be in the range of \$66 - \$70 million.

EVA has also had strong growth in revenue, EBITDA, Net Income, and Distributable Cash Flow:

(\$ thousands)	Variance Q3 '15 vs. Q3 '14 Predecessor	Q3 2015 Actual	Q3 2014 Predecessor	Variance Q2 '15 vs. Q2 '14 Predecessor	Q2 2015 Actual	Q2 2014 Predecessor
NET REVENUE	53.18%	\$116,588.00	\$76,110.00	59.97%	\$109,659.00	\$68,551.00
NET INCOME	105.25%	\$6,412.00	\$3,124.00	Gain vs. Loss	\$1,034.00	-\$1,871.00
ADJUSTED EBITDA	58.85%	\$15,902.00	\$10,011.00	209.61%	\$16,019.00	\$5,174.00
DISTRIBUTABLE CASH FLOW	53.94%	\$12,635.00	\$8,208.00	264.54%	\$12,438.00	\$3,412.00

Valuations: EVA looks cheaper for all of these metrics than CNNX. (We had to annualize the Distributable

Cash Flow figures for both stocks, since EVA has only had 3 quarters under its belt so far.)

Ticker	11/17/15 Price	Price DCF Per UNIT	2015 DCF/UNIT (ANNUALIZED)	P/Sales	P/Book
CNNX	\$12.26	11.17	\$1.09	3.82	2.35
EVA	\$16.19	7.75	\$2.09	1.02	1.1

Disclosure: Author owns EVA shares.

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