

Dividend Investors: 2 Oversold Stocks That Should Be on Your Radar

Description

The market pullback is giving investors a wonderful opportunity to pick up some top dividend stocks at very attractive prices.

Here are the reasons why I think **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) are worth considering right now.

Telus

Telus has been on the slide for the past few months as investors fret about the threat of new mobile competition and the impending changes to TV packages.

Telus competes with **Shaw Communications** for Internet and TV subscribers located in western Canada. The battle has been somewhat lopsided in favour of Telus because the company has been able to offer attractive packages that include mobile as well as TV and Internet services.

Shaw just announced plans to purchase Wind Mobile, which will give it the third piece of the puzzle it needs to level the playing field.

Investors are afraid this will result in a big hit to Telus, but the market is ignoring the fact that Telus is already holding its own against the industry's giants in other key markets. Telus will certainly have to work harder to win new customers, but the impact of the Wind Mobile deal shouldn't be significant.

What about the new TV rules?

Beginning in March, Canadian TV viewers will have an opportunity to build their own packages. The basic service will be \$25 per month and subscribers can then add other channels or mini-bundles on a pick-and-pay basis.

Some reports suggest the service providers could see a huge drop in revenues if Canadians decide to reduce their TV bills. I suspect most people will simply add channels until they reach their current costs.

Shares of Telus are down to a point where the selloff looks overdone. The company pays a quarterly dividend of \$0.44 per share that now yields a safe and attractive 4.7%.

Pembina Pipeline

Pembina is a transportation and midstream service provider focused on western Canada and North Dakota. The company also owns gas-gathering and processing facilities as well as an oil and NGL infrastructure and logistics business.

In layman's terms, the company has a diversified asset base that enables it to make money all along the hydrocarbon value chain, and that is what makes Pembina interesting.

Pembina is still delivering solid results, despite the tough times in the energy market. Third-quarter 2015 EBITDA was \$229 million, up from \$199 million in the same period the year before. Earnings came in at \$113 million or \$0.29 per share, up from \$75 million, or \$0.20 per share in Q3 2014.

The company recently put two new gas plants and a new pipeline expansion into service, and more assets are expected to go online every quarter through late 2017. Management expects to see \$700 million to \$1 billion in incremental annual EBITDA by 2018.

The company gets a large portion of its revenue from fee-for-service arrangements, which helps mitigate the effects of the weak market conditions. As such, cash flow from operations should remain sufficient to support the dividend.

Pembina pays a monthly distribution of 15.25 cents per share that yields about 6.5%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:T (TELUS)

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/26

Date Created

2016/01/14

Author

aswalker

default watermark