Income Investors: These Top Dividend Stocks Are on Sale

Description

Income seekers are always on the lookout for top-quality stocks with reliable distributions.

Here are the reasons why I think **Inter Pipeline Ltd.** (TSX:IPL) and **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) should be on your radar.

Inter Pipeline

Inter Pipeline transports oil in western Canada and operates a liquids storage business in Europe.

In 2015 the company completed two new oil sands projects in Alberta, extended a conventional oil pipeline in Saskatchewan, and increased storage capacity in Europe. This helped drive year-over-year net income up by 33% to $463 million.

Management raised the dividend last November, but the annualized payout ratio is still below 70%, so the monthly distribution of 13 cents per share looks safe, and another increase could be on the way. The stock currently offers a yield of 6.2%.

Tough times in the oil industry are not going away, but Inter Pipeline's results suggest the business is in good shape, and investors can still pick up the stock at an attractive price.

Shaw Communications

Shaw is in a transitional period, and the stock is taking a beating as a result.

After years of saying it wasn't going to get pulled into the Canadian mobile market, Shaw has reversed course in a big way. The company recently purchased Wind Mobile and is using the acquisition as a springboard to ramp up a wireless business that will enable it to compete with archrival **Telus** in western Canada.

In order to pay for the move, Shaw recently sold off its media assets to **Corus Entertainment**.

Investors are a bit nervous about the strategy shift, and the shares will likely stay under pressure until all the smoke clears on the transition, but I think the long-term outlook is positive.

Why?

Canadians like to get their TV, Internet, and mobile services in bundles from a single operator. The addition of a wireless business should help Shaw retain more customers and even start to steal some new ones from its peers.

At the same time, the sale of the media business comes just as the TV market embarks on its new pick-and-pay system. Advertising and subscription revenues are at risk under the new format, and the move to unload the media division eliminates content risk while providing the funds needed to cover the Wind Mobile acquisition.

Shaw currently trades at a big discount to its competitors, so new investors could see some nice gains in the coming years. In the meantime, the stock pays a safe monthly dividend with a yield of 5%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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Date
2025/09/09
Date Created
2016/05/09
Author
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