



## 4 Undervalued Stocks With Great Dividends

### Description

As a fundamental investor, I'm always on the lookout for high-quality companies whose stocks are trading at discounted levels and have great dividends and, after a recent search of the market, I came across four very attractive opportunities. Let's take a quick look at each, so you can determine if you should buy one of them today.

#### 1. Domtar Corp.

**Domtar Corp.** ([TSX:UFS](#))(NYSE:UFS) is one of the world's leading providers of fibre-based products. Its products include communication, specialty, and packaging papers, market pulp, and absorbent hygiene products.

Its stock currently trades at just 13.8 times fiscal 2016's estimated earnings per share of US\$2.54 and only 10.1 times fiscal 2017's estimated earnings per share of US\$3.48, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 20.3, its five-year average multiple of 17.7, and its industry average multiple of 28.7.

Additionally, the company pays a quarterly dividend of US\$0.415 per share, or US\$1.66 per share annually, giving its stock a yield of about 4.7%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and its two dividend hikes since the start of 2015, including its 6.7% hike in February 2015 and its 3.8% hike in May of this year, have it on pace for 2016 to mark the sixth consecutive year with an increase.

#### 2. Saputo Inc.

**Saputo Inc.** ([TSX:SAP](#)) is the largest dairy processor in Canada, and it's one of the 10-largest dairy processors in the world. Its products include cheese, fluid milk, extended shelf-life milk and cream products, and dairy ingredients, and its brands include Saputo, Dairyland, DairyStar, La Paulina, Neilson, and Woolwich Dairy.

Its stock currently trades at just 21.7 times fiscal 2017's estimated earnings per share of \$1.77 and only 19.4 times fiscal 2018's estimated earnings per share of \$1.98, both of which are inexpensive

compared with its trailing 12-month price-to-earnings multiple of 25.5, its five-year average multiple of 35.8, and its industry average multiple of 26.9.

Additionally, the company pays a quarterly dividend of \$0.135 per share, or \$0.54 per share annually, giving its stock a yield of about 1.4%. A 1.4% yield is not high by any means, but investors must note that it has raised its annual dividend payment for 16 consecutive fiscal years, and its strong financial performance could allow this streak to continue in fiscal 2017.

### 3. WSP Global Inc.

**WSP Global Inc.** ([TSX:WSP](#)) is one of the world's leading providers of sustainable consulting in the built and natural environment, which involves designing, engineering, and managing projects in numerous industries. It has operations across North America, South America, Europe, Asia, Africa, and Australia.

Its stock currently trades at just 16.7 times fiscal 2016's estimated earnings per share of \$2.36 and only 14.3 times fiscal 2017's estimated earnings per share of \$2.76, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 19.7, its five-year average multiple of 26.5, and its industry average multiple of 26.

Additionally, the company pays a quarterly dividend of \$0.375 per share, or \$1.50 per share annually, giving its stock a yield of about 3.8%. Investors must also note that it has maintained this annual rate since 2012, and its ample free cash flow generation could allow it to continue to do so going forward or allow it to raise its dividend in the near future.

### 4. Empire Company Limited

**Empire Company Limited** ([TSX:EMP.A](#)) is one of Canada's largest owners and operators of grocery stores through its Sobeys' banner with more than 1,500 locations across every province. It also holds a 41.5% ownership stake in **Crombie Real Estate Investment Trust**, which is one of Canada's largest owners and managers of commercial real estate with 261 retail and office properties across the country.

Its stock currently trades at just 13.5 times fiscal 2017's estimated earnings per share of \$1.42 and only 12.2 times fiscal 2018's estimated earnings per share of \$1.57, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 20.5, its five-year average multiple of 16.2, and its industry average multiple of 36.5.

Additionally, the company pays a quarterly dividend of \$0.1025 per share, or \$0.41 per share annually, giving its stock a yield of about 2.1%. A 2.1% yield is not high by any means, but investors must note that it has raised its annual dividend payment for 21 consecutive fiscal years, and its 2.5% hike last month has it on pace for fiscal 2017 to mark the 22nd consecutive year with an increase.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:EMP.A (Empire Company Limited)

2. TSX:SAP (Saputo Inc.)
3. TSX:UFS (Domtar Corporation)

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