



## 2 Undervalued Dividend-Growth Stocks I'd Buy Today

### Description

As many investors can attest, finding the right stock at the right price can be a very difficult task, and it can seem nearly impossible to find one that is both undervalued and offers dividend growth. Fortunately for you, I've done the hard part and found two great opportunities, so let's take a closer look at each to determine which would fit best in your portfolio.

#### **TFI International Inc.**

**TFI International Inc.** ([TSX:TFI](#)) is one of North America's largest trucking companies with operations across Canada and the U.S. Its subsidiaries include All Canadian Courier, Loomis Express, Clarke Transportation, Kingsway, Transport America, Villeneuve Tank Lines, and Optimal Freight.

TFI's stock currently trades at just 13.3 times fiscal 2017's estimated earnings per share of \$2.06 and only 10.9 times fiscal 2018's estimated earnings per share of \$2.51, both of which are very inexpensive compared with its five-year average price-to-earnings (P/E) multiple of 19.8.

Additionally, TFI pays a quarterly dividend of \$0.19 per share, equal to \$0.76 per share on an annualized basis, which gives it a yield of about 2.8% today. Investors must also note that the company's 11.8% dividend hike in October 2016 has it on pace for 2017 to mark the seventh consecutive year in which it has raised its annual dividend payment, and I think its strong financial performance, including its 28% year-over-year increase in free cash flow from continuing operations per share to \$0.32 in the first quarter of 2017, will allow this streak to continue into the 2020s.

#### **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, cream, and butter, and its family of brands includes Saputo, Armstrong, Cracker Barrel, DairyStar, Friendship Dairies, Stella, and Sungold.

Saputo's stock currently trades at just 20.6 times fiscal 2018's estimated earnings per share of \$2.04 and only 18.9 times fiscal 2019's estimated earnings per share of \$2.22, both of which are very inexpensive compared with its five-year average P/E multiple of 33.2.

In addition, Saputo pays a quarterly dividend of \$0.15 per share, equal to \$0.60 per share on an annualized basis, giving its stock a yield of about 1.4% today. It's also important to note that the company has raised its annual dividend payment for 17 consecutive fiscal years, and I think its strong financial performance, including its 16.3% year-over-year increase in adjusted basic earnings per share to \$1.86 in fiscal 2017, will allow this streak to continue in fiscal 2018 and beyond.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:SAP (Saputo Inc.)
2. TSX:TFII (TFI International)

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