



2 Big-Dividend Stocks at Excellent Discounts

Description

Both **Cineplex Inc.** ([TSX:CGX](#)) and **Altagas Ltd.** ([TSX:ALA](#)) shares are trading much cheaper compared to their recent levels. Their shares are ~29% and ~21%, respectively, lower than their 52-week highs. Most importantly, they look like they may be turning around.

Altagas

Altagas is a diversified North American energy infrastructure business. It generates power with natural gas and renewable energy, has five regulated gas-distribution utilities, and processes and transports natural gas and natural gas liquids to key markets, including Asia.

Altagas deems 94% of its earnings before interest, taxes, depreciation, amortization (EBITDA) to be non-commodity EBITDA and more than 85% of its cash flow to be very predictable. Combined with a sustainable payout ratio of ~85% this year, Altagas should be able to maintain its monthly dividend.

At ~\$27.70 per share, the company offers a juicy yield of ~7.6% and trades at a compelling multiple of ~8.7 based on its operating cash flow, while it normally trades at a multiple of ~10.3. At that multiple, it indicates a share price of ~\$34.20 by the end of the year.

This aligns with the 12-month mean target price of \$34.10 in **Thomson Reuters's** latest report on the stock. So, a near-term upside of ~23% and a total return of ~30% is possible.



Cineplex

Cineplex is a transforming business. Right now, it has ~78% of Canada's box office market share. The company looks to diversify and grow by investing in other areas of entertainment.

Cineplex has constructed The Rec Room destinations, which offer dining, live entertainment, and amusement gaming experiences all in one place, which is great for socializing.

The company built the first location in Edmonton. It was well received. That's why it's expanding its fleet. Currently, it has three locations in operation (one in South Edmonton, one in West Edmonton Mall, and one in downtown Toronto), and another one is under construction.

Cineplex is also partnering up with Topgolf, which is expanding into Canada for the next few years. Its venues will be the destinations for entertainment, socializing, and golf in any season. And Cineplex will be managing the venues' day-to-day operations.

At ~\$38.40 per share, Cineplex offers a decent yield of ~4.4% and trades at a multiple of ~12.8 based on its operating cash flow. While this isn't exactly cheap, the company has tended to trade at a premium in the last few years. If the new investments pay off, we should see the stock trade at much higher levels than today.

Reuters has a 12-month mean target price of \$48.90. So, a near-term upside of ~27% and a total return of ~31% is possible.

Turning around

Altagas stock has been consolidating for most of August, and if it breaks above \$28 per share, it could work its way up higher.

Cineplex stock has moved higher in the last two trading sessions for a total gain of almost 9%, which could be the start of a rally.

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2. Investing

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2. TSX:CGX (Cineplex Inc.)

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Date

2025/08/10

Date Created

2017/09/01

Author

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