TFSA Investors: 3 Undervalued Dividend Stocks That Could Take Off This Year!

Description

When stocks are trading below book value, it could be a great time to scoop up some deals, especially when those stocks pay dividends that have likely seen their yields rise as a result of the depressed share prices. Below are three stocks that are undervalued and not only possess significant upside, but that could also be a great source of dividend income for your portfolio.

Cameco Corp. (TSX:CCO)(NYSE:CCJ) has struggled the past year with a low price of uranium, making it difficult for the company to post strong results. In its most recent quarter, Cameco's sales were down more than 25%, and it recorded its fourth consecutive net loss after posting a strong profit a year ago.

Although Cameco recently slashed its dividend, the share price is still trading at just 90% of its book value, and it could be a great long-term buy, especially if uranium prices gain momentum this year. However, investors may want to wait until the company releases its fourth-quarter results in February, as a bad result could potentially send the stock even lower, making it an even bigger bargain.

While it may be tempting to be bearish about a company that has struggled so much lately, Cameco is positioning itself to succeed when commodity prices inevitably recover.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) is trading at an even bigger discount than Cameco, with its share price currently at less than 60% of its book value. Crescent Point has been hit hard by a low price of oil, and while it has shown some stability in the past several months, the stock is still down more than 35% from a year ago. The company's three-cent payout means that investors are now earning 3.7% in dividends.

Although the company had strong sales growth in its most recent quarter with revenues up more than 17%, the company's net loss of $270 million was more than double last year's loss, and it was the third time in the past five quarters that Crescent Point finished in the red.

With oil prices on the rise, and with OPEC planning to extend supply cuts until the end of 2018, the industry could get a boost, and that could result in a lot of upside for Crescent Point's stock.

Capital Power Corp. (TSX:CPX) has seen its yield climb to more than 7%, as the stock has dropped 5% over the past six months. With the shares trading at just 0.8 times book value, it could be a great pickup at a low price. The power producer is well diversified with facilities across Canada and the U.S., and it has a portfolio that includes wind and solar interests as well.

The one risk the company possesses is that it has struggled to find much growth. Sales to finish 2016 were $1.2 billion, and although that was a minor dip from 2015, it is 13% down from the $1.4 billion that the company recorded back in 2013. In its most recent quarter, Capital Power finished in the red, and sales were down yet again. However, in the four prior quarters, the company was able to stay in the black.

It’s expected the company will release its fourth-quarter earnings later this month, and it will need a strong finish to improve on last year’s totals.

CATEGORY

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2. NYSE:VRN (Veren)
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Date
2025/08/23
Date Created
2018/02/01
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