3 Dividend-Growth Stocks With a Forward P/E Under 15

Description

If you're a fundamental investor with cash on hand that you're ready to put to work, then I've got three stocks that I think you will love. Let's take a closer look at each, so you can determine if you should invest in one or more of them today.

Open Text Corp. (TSX:OTEX)(NASDAQ:OTEX)

Open Text is one of the world's leading providers of Enterprise Information Management software and solutions. Its software and solutions enable companies to manage, leverage, secure, and gain insight into their data, and it's a top pick of my Foolish colleague Karen Thomas.

At today's levels, Open Text's NASDAQ-listed shares trade at just 13.8 times the consensus EPS estimate of US$2.63 for fiscal 2018 and only 12.7 times the consensus EPS estimate of US$2.85 for fiscal 2019, both of which are inexpensive given its current earnings-growth rate, including its impressive 34% year-over-year increase to an adjusted US$1.30 per share in the first half of fiscal 2018, as well as its estimated 15.4% long-term earnings-growth rate; these multiples are also inexpensive compared with its five-year average price-to-earnings (P/E) multiple of 26.7.

In addition to trading at attractive valuations, Open Text pays a quarterly dividend of US$0.132 per share, representing US$0.528 per share annually, which gives its NASDAQ-listed shares a yield of about 1.5%. A 1.5% yield is not high by any means, but any dividend is icing on the cake when it comes to a high-growth company like Open Text. It's also very important to note that the company's 14.8% dividend hike in May 2017 has it on track for fiscal 2018 to mark the fifth straight year in which it has raised its annual dividend payment, making it qualify as a dividend aristocrat.

Magna International Inc. (TSX:MG)(NYSE:MGA)

Magna is one of the world's leading suppliers of automotive products and related solutions. Its capabilities include body exteriors and structures, power and vision technologies, seating systems, and complete vehicle solutions, and it's a top pick of my Foolish colleague Demetris Afxentiou.

At today's levels, Magna's NYSE-listed shares trade at just 7.9 times the consensus EPS estimate of US$6.74 for fiscal 2018 and a mere 7.2 times the consensus EPS estimate of US$7.38 for fiscal 2019, both of which are very inexpensive given its current earnings-growth rate, including its 14% year-over-year increase to an adjusted diluted US$5.96 per share in fiscal 2017, as well as its estimated 11.1% long-term earnings-growth rate; these multiples are also inexpensive compared with its five-year average P/E multiple of 10.5.

On top of being undervalued, Magna pays a quarterly dividend of US$0.33 per share, representing US$1.32 per share annually, which gives its NYSE-listed shares a yield of about 2.5% today. A 2.5% yield is solid, and it's very important to note that the company's 20% dividend hike last month has it on pace for fiscal 2018 to mark the ninth straight year in which it has raised its annual dividend payment, making it one of the best dividend-growth stocks in the automotive industry.

Laurentian Bank of Canada (TSX:LB)

LBC is one of Canada's largest financial institutions, providing financial products and services to individual and corporate clients across the country. As of January 31, it has approximately $47.42 billion in total assets and approximately $31.40 billion in assets under management and administration.

At today's levels, LBC's stock trades at just 8.5 times the consensus EPS estimate of $5.85 for fiscal 2018 and only eight times the consensus EPS estimate of $6.25 for fiscal 2019, both of which are inexpensive given its current earnings-growth rate, including its 4.2% year-over-year increase to an adjusted $1.49 per share in the first quarter of 2018, as well as its estimated 5.6% long-term earnings-growth rate; these multiples are also inexpensive compared with its five-year average P/E multiple of 11.9 and the low-risk nature of its business model.

In addition to being undervalued, LBC pays a quarterly dividend of $0.63 per share, representing $2.52 per share annually, which gives it a yield of about 5.1% today. A 5.1% yield for a bank with solid growth like LBC is fantastic, and it's very important to note that its recent dividend hikes have it on track for fiscal 2018 to mark the 11th straight year in which it has raised its annual dividend payment, making it one of the best dividend-growth stocks in the financial sector today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:MGA (Magna International Inc.)
3. TSX:LB (Laurentian Bank of Canada)
4. TSX:MG (Magna International Inc.)
5. TSX:OTEX (Open Text Corporation)

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