



## 3 Dividend Stocks Hiding in the Bargain Basement

### Description

Sifting through undervalued stocks can be a fun exercise, whether you're looking for hidden dividends or overlooked growth stocks. Tell-tale low P/Es and discounted share prices sometimes signal hidden benefits for investors looking for passive income or long-term capital gains.

Energy, retail, and materials make for an interesting mix of unloved stocks in today's quick sweep of undervalued dividend payers. Let's get out the calculator and go through a few multiples to see whether the TSX's bargain basement holds any worthwhile goodies this week.

#### **Leon's Furniture Ltd.** ([TSX:LNF](#))

Currently discounted by 40% compared to its future cash flow value, [Leon's Furniture](#) has a welcoming P/E of 13.1 times earnings. Its PEG cannot be calculated at this time due to a lack of data, though an estimated figure of 2% expected annual growth in earnings is available. However, we can see a P/B of 1.8 times book, indicating overvaluation.

With a dividend yield of 2.65% on offer, value investors looking for passive income may want to give this stock a second look.

#### **Tidewater Midstream and Infrastructure Ltd.** ([TSX:TWM](#))

Tidewater makes our list today by being discounted to the tune of 48% compared to its future cash flow value. Looks good, eh? But have a look at its P/E of 40.6 times earnings, and that good value seems something of a mirage. But what's really going on with that high P/E, and is it a bad thing?

Sometimes a high P/E while other multiples are low can indicate that investors are expecting high growth. And that seems to be exactly what's going on with Tidewater. With a 49.7 % expected annual growth in earnings, Tidewater's P/E of 40.6 times earnings starts to make sense.

Throw in a PEG of 0.8 times growth and low P/B ratio of 0.9 times book, and you do indeed have a good value stock here, and a high growth pick to boot. And check out that dividend yield of 3.2%. Do we have a winner?

### **Intertape Polymer Group Inc. ([TSX:ITP](#))**

Discounted by 39% compared to its future cash flow value, Intertape Polymer Group is looking like a bit of a mixed bag on multiples. With a P/E of 12.5 times earnings, it's off to a good start. But with a lack of enough data making its price-to-growth ratio inscrutable, and an overheated P/B of 3.1 times book, that good value starts to fade.

With some good news ahead in the form of a 9% expected annual growth in earnings, and a tempting dividend yield of 4.13%, income investors may have a sticky situation on their hands while measuring [Intertape Polymer](#) for value.

### **The bottom line**

Investors looking for value stocks should assess the industry they're considering buying into, paying special attention to market forecasts. It's always a good idea to comb through some fundamentals before assessing whether a discounted stock is a buy.

Tidewater is looking like the best pick of the bunch from these three undervalued Canadian dividend stocks, although Leon's Furniture gives it a run for its money. Leon's Furniture is looking like the healthier stock as well, with less debt on its books. Weigh up Intertape Polymer's varied multiples if you want to assess it for value, though it looks good from here, and that +4% dividend is attractive.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing
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### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. TSX:ITP (Intertape Polymer Group)
2. TSX:LNF (Leon's Furniture Limited)

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