



## Casual Investors: 2 Classic Canadian Dividend Stocks With Attractive Valuations

### Description

The following two stocks have been hanging around the bargain basement for some time, but do their valuations now indicate some improvement? Let's delve into the data of two big names in Canadian investment: one banking stock that packs a mean set of stats to rival any of the Big Six, and a giant of the printing and packaging world. With a mix of decent dividends and attractive value, they're two of today's hottest picks.

### Laurentian Bank ([TSX:LB](#))

With one-year past earnings growth of 11.2% and a pleasing five-year average growth of 14.4%, [Laurentian Bank](#) proves that it has what it takes to rival Bay Street's finest. However, what was once a clear cut bargain is now showing at least some indication of less-attractive value: namely a PEG ratio of twice growth. It's still hot to trot in the balance sheet department, though, with an appropriate proportion of non-loan assets that's the norm among the best TSX bankers.

A steady flow of inside buying over the last 12 months marks this out as a stock you can buy with confidence. It's got some great market variables, too, if value is your thing (and you place less importance on growth-focused multiples): see such TSX index-beating value indicators as a P/E ratio of 8.6 times earnings and a perfect P/B ratio of 0.8 times book.

With a dividend yield of 5.89% on offer and a 4.3% expected annual growth in earnings, you have a stock that can tangle with the best of the Canadian financials. If you want to buy and hold for the long term, such as in a TFSA or RRSP, then you may like to know that it's a sluggish ticker when it comes to momentum: having shed just 0.32% in the last five days, its beta of 1.02 relative to the market indicates a stock that moves with the TSX index.

### Transcontinental ([TSX:TCL.A](#))

Having shed just 0.1% in the last five days, [Transcontinental](#) is another stock to stack if you like them dull. Its beta of 0.95 indicates similarly low volatility to Laurentian Bank, and its share price is

discounted by more than 50% compared to its future cash flow value; all told, it has about as much momentum as a house brick.

While it's perhaps not quite as good a dividend stock as the banker (Transcontinental holds a comparative debt level of 89.4% of its net worth and is looking at a lower 0.8% expected annual growth in earnings), it's nicely valued. A P/E of eight times earnings undercuts the TSX index, while a P/B ratio of 1.1 times book shows that you're not paying above the odds in terms of assets. Meanwhile, a dividend yield of 4.08% makes Transcontinental just right for the passive-income investor.

## The bottom line

Looking past that PEG ratio, Laurentian Bank is still an undervalued bargain (for a hint of intrinsic value, see a share price that is currently discounted by 14% compared to its future cash flow value); meanwhile, Transcontinental is one of the most attractive stocks on the TSX index if you like defensive stats and a moderate dividend yield.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)
2. TSX:TCL.A (Transcontinental Inc.)

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