Are These 3 Classic Dividend Stocks Equally Strong Buys?

Description

With a share price that's down a few decimal points over the last five days but showing an upward trend that's persisted since the start of last summer, **Alimentation Couche-Tard** (TSX:ATD.B) is looking like one of the most attractive, diversified retail stocks on the TSX index right now.

This outperforming company enjoyed a one-year past earnings growth of 32.7% that beat its own five-year average of 16.5%. A 21% ROE shows that Alimentation Couche-Tard made good use of its shareholders' funds in the last year, while a higher volume of insider buys than sells in the last three months suggests that this stock is hot at the moment.

How does this retailer match up to other dividend stocks?

With a P/E of 17.4 times earnings and P/B of 3.8 times book, the valuation is mixed for Alimentation Couche-Tard. While the P/E ratio is perhaps the favourite ratio to go by for at-a-glance valuation, that somewhat bloated P/B ratio may be the closest one can get to an intrinsic read. Meanwhile, a dividend yield of 0.53% is on the low side, and while a 4.7% expected annual growth in earnings over the next one to three years is positive, it does not represent significant growth.

Let's compare these figures with those of two other defensive dividend stocks and see how they match up.

Canadian Pacific Railway (TSX:CP)(NYSE:CP) shows a different trend in share price. Down 1.24% in the last five days, this stock looks like it plateaued during the fall of 2018 and could be on its way down — though time will tell. Though its one-year past earnings were down 18.9%, income has been positive over the last five years with an average growth of 16.2%.

A 29% past-year ROE shows that Canadian Pacific Railway is the quality stock its shareholdersbelieve it to be, though with more inside sells than buys in the last three months, insider confidencemay not be as high as it could be. A dividend yield of 0.98% and 8.8% expected annual growth inearnings paint a similar picture to the stats for Alimentation Couche-Tard. The valuation is similar, too,with a P/E of 19.4 times earnings and P/B of 5.6 times book.

Looking to an energy stock now, we can see **Crescent Point Energy** (TSX:CPG)(NYSE:CPG), up 1.4% in the last five days, signalling that energy stocks seem to be the order of the day. With a 51.1% earnings growth over the last 12 months that corrects a five-year average past earnings loss of 39.3%, and with an encouraging spread of inside buying over the last 12 months, including a substantial volume in the last three months, this is an attractive buy.

The bottom line

Crescent Point Energy's P/B of 0.2 times book indicates definite undervaluation, despite the share price being a few cents over the future cash flow value. Throw in a dividend yield of 3.48% matched with a significant 119.6% expected annual growth in earnings, and it's clear that the TSX index can still offer up overlooked all-rounders.

Meanwhile, Alimentation Couche-Tard offers a ready-diversified play in a defensive (and possibly relatively recession-proof) sector, and Canadian Pacific Railway represents the type of high-quality domestic dividend payer suitable to buy and hold for the long term.

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