3 Ultra-Cheap Dividend Stocks With Single-Digit P/E Ratios

Description

Do you want a portfolio of dividend stocks that pay you steady income every quarter on top of your gains in the market?

It's something a lot of investors aspire to. But with most dividend stocks trading at 20-30 times earnings, it's hard to find a cheap buy among the "blue chips." Sure, you can find some solid 3% yielders out there with the potential for future dividend growth. However, these buys don't offer the income potential that you can find by looking into beaten-down dividend stocks with single-digit P/E ratios.

In this article, I'll go over three ultra-cheap dividend stocks. One of them has a yield pushing 10%, another has a track record of steady dividend increases, and one has one of the lowest P/E ratios on the TSX.

Teck Resources (TSX:TECK.B)(NYSE:TECK)

Teck Resources is a mining company that has intermittently posted fantastic results. In 2012, the company had a record-setting quarter that filled its balance sheet up with $4.4 billion in cash. Since then, some of that money has been spent, but the company still sits on a $1.7 billion in cold hard currency.

Over the past 12 months, Teck Resources has posted $5.3 in EPS. With the share trading at just $30, that gives us a trailing P/E ratio of just 5.7. That's mighty cheap. And on top of the value, the stock pays a dividend. Although the yield is on the low end at 0.70%, the ultra-low payout ratio of 3.3% means there's plenty of room to grow.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is a stock that will be familiar to many readers. The company has been beaten down in recent years based on the perception that it's too exposed to the housing market. It's true that the Canadian housing market is weak right now, but CIBC has a U.S. division that's growing larger and larger every year. Regardless, this stock is cheap as heck, with a 9.82 P/E ratio and a juicy 4.76% dividend yield.

BTB REIT (TSX:BTB.UN)

No article about dividend stocks is complete without REITs. Among the highest income earners on the TSX, they have a proven track record of making dividend investors happy. Although real estate is weak right now, the weakness is mainly in the housing sector; many REITs focus on commercial real estate.

BTB REIT is a good example of a real estate investment with no exposure to housing. Its business consists entirely of office, retail, and industrial real estate, so you needn't worry about the housing slump taking this stock down. In fact, it looks like just the opposite is happening; in its most recent quarter, it grew earnings at a blistering 33%. Despite that sky-high growth rate, the stock is ultra-cheap, trading at just seven times trailing earnings.

Oh, and if you're into dividends, you're going to want to know about this: BTB stock yields an astonishing 9.3%. Yields in that range tend to raise the question of sustainability, but it looks like this one is quite safe. BTB has not missed a single monthly dividend payment in any of the past five years.

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3. TSX:BTB.UN (BTB Real Estate Investment Trust)
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