3 Embarrassingly Cheap TSX Dividend Stocks

Description

So far, 2019 has been a great time to invest in the TSX. Up 12% year to date, the index has delivered a two-and-a-half month return that exceeds many of its full years. These gains have predictably sent P/E ratios higher and dividend yields lower than before. However, there are still many Canadian stocks that trade at single-digit P/E ratios — often with huge dividends to boot.

If you're looking for cheap dividend stocks to round out your portfolio in 2019, here are three picks that might just fit the bill.

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

CIBC is one of Canada's Big Six banks — a financial company with $600 billion in total assets. The company is generally considered to be a laggard among Canadian bank stocks, having posted lacklustre Q1 results. Among these results was an 11% year-over-year earnings decline, which is certainly not a good thing; however, the bank didn't actually swing to a loss. Based on its most recent quarterly earnings, CIBC is still able to pay a $5.6 annual dividend at a 47% payout ratio — so you get a 4.9% yield that's fairly safe. At present, CIBC trades at just 8.5 times forward earnings, making it the cheapest Big Six bank stock right now.

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

Magna is an automotive supplier that manufactures parts for big auto makers. In fiscal 2018, the company grew its revenue by 11%, although earnings were down about 1%. This earnings downswing may account for why the stock is down in the markets: as of this writing, it's down 22% from its 12-month high. As a result of the price slide, Magna has become very cheap, trading at just 10 times trailing earnings. On top of that, the stock pays a dividend, which yields a relatively high 3.3%.

Laurentian Bank (TSX:LB)

Laurentian is a small bank based in Quebec. The company operates nationwide, but its presence is mainly felt in its home province. With around $1 billion in annual revenue, this bank is nowhere near the Big Six; however, it's cheaper and higher yielding than any of them.

Laurentian shares are very cheap compared to both earnings and book value. The stock has a P/E ratio of nine and a price-to-book ratio of 0.76. Stocks this cheap usually come at a price, and in Laurentian's case, a recent 33% earnings slide may be a point of concern. However, this earnings miss does not threaten Laurentian's ultra-high dividend yield in the short term. Right now, Laurentian shares yield about 6.5%, and with a payout ratio of 56%, the company can afford to keep paying the dividend, even if earnings disappoint again. Of course, enough consecutive quarters of falling earnings would push the payout ratio higher, but Laurentian's recently announced strategic plans indicate that the company will return to growth in short order.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:MGA (Magna International Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:LB (Laurentian Bank of Canada)
5. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/23
Date Created
2019/03/13
Author
andrewbutton