



## 2 Dividend Stocks That Are the Cheapest They've Been in 10 Years

### Description

Who says there's no value to be had in this "expensive" market?

While severely undervalued plays may be few and far between on the **S&P 500**, the **TSX Index** is chock-full of stocks that are the cheapest they've been in years, leaving an abundance of opportunity for those who consider themselves deep value investors.

With Alberta's ailing oil patch in a world of pain, many energy stocks out there are trading at a fraction of their value. But with no timely catalysts or any sources of optimism, it's tough to justify initiating a contrarian position in some of the most battered of Canadian energy stocks unless you're an [extremely patient](#) investor who's willing and able to tune out.

Warren Buffett recently gave Canada's energy scene a vote of confidence with his bet in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), but with other smart money managers heading in the opposite direction, does it still make sense to put your faith in the Oracle of Omaha, or could his recent Canadian energy bet sour as fast as **Kraft Heinz** did?

### Suncor Energy

Suncor is a king among men in the Canadian oil patch. Despite the sudden downturn in 2014, the company has continued to reward its investors with a bountiful dividend, which now currently yields 4.4%, close to the highest it's been in recent memory thanks in part to a combination of excessive share price depreciation and continued dividend raises.

Most notably, Suncor maintains an exceptionally healthy balance sheet, unlike many of its peers in the space that have been liquidating assets in order to keep the lights on.

As Buffett's preferred way to play the Canadian oil sands, Suncor is arguably one of the "safest" ways to bet on the Albertan oil patch. While most of the upside depends on exogenous events, Suncor has worked wonders at the company-specific level amid the unfavourable environment, which is really all you can ask for.

The stock has a reliable dividend that'll be well supported by integrated operations. Any sustainable move higher in oil prices will likely bode well for investors in the grander scheme of things, but in the meantime, there's the dividend to collect while you wait while the industry continues treading water.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is another king in the oil patch. The battered energy giant has continued to unlock tremendous value for long-term shareholders through acquisitions. The company's recent acquisition of Devon Canada's remaining assets came at a price that appeared to be a considerable discount to its intrinsic value.

While Canadian Natural already has a treasure trove of land-locked assets, I do believe Canadian Natural is setting the stage for a monster rally should Canada's energy scene finally catch its big break.

Such a big break could be years away, however, so investors ought to be content with Canadian Natural's 4.8%-yielding dividend and management's devotion to "protecting shareholders" from what's been a nasty industry environment.

At 6.4 times EV/EBITDA and 7.9 times trailing earnings, Canadian Natural stock is close to the cheapest it's been in a very long time, with a yield that's the highest it's been in over a decade.

## Foolish takeaway

Recent production curtailments ought to combat the wide WCS-to-WTI discount until some real progress can be made on the pipeline front. While neither Suncor nor Canadian Natural will be able to turn on the spigot to send shares rocketing significantly higher over the medium term, I do believe the recent sell-off in both stocks has been exaggerated beyond proportion.

As such, current valuations lead me to believe that both names could [correct to the upside](#). The dividends of both companies remain robust and will beckon long-term investors in as industry headwinds remain.

Stay hungry. Stay Foolish.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)

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## **Date**

2025/08/17

## **Date Created**

2019/09/02

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