



## Buy These 2 Top Dividends Stocks on the Dip

### Description

The recent headwinds facing the market has created several buying opportunities. After a strong 2019 and a blistering start to 2020, investors have been waiting for the market to correct. Although we are not yet in correction territory, there are now several bargains to be had.

Case in point: **Equitable Group** ([TSX:EQB](#)) and **CCL Industries** ([TSX:CCL.B](#)) are all both correction territory. They are Canadian Dividend Aristocrats and are worth a look at today's prices.

### Equitable Group

This past Monday, Equitable Group posted strong quarterly results in which it beat on both the top and bottom lines. Earnings of \$3.22 per share beat by \$0.09, and revenue of \$302 million increased by 26% over the fourth quarter of last year.

EQ Bank crossed the 100,000 customer mark and is gaining traction as a viable alternative to Canada's banks. This represents strong 35% growth in EQ Bank's customer base.

Furthermore, the company raised the dividend by 5.7%, which marks the sixth consecutive quarter of dividend growth. In recent years, no Aristocrat has [raised dividends](#) more often than Equitable Group. Of note, the company expects to grow the dividend at a rate between 20% and 25% over the next five years.

Since releasing quarterly results, the company has lost 10.2% of its value, which puts it in correction territory. Why the post-earnings dip after a strong quarter? Although COVID-19 fear has dragged all markets down, Equitable's outlook for 2020 also played a role.

The company expects to grow earnings by 4-8% in 2020, well below the company's double-digit historical average. Those worried about the sudden drop in earnings are missing the big picture. The drop is not a result of slowing performance but a direct result of a significant increase in capital investments.

The company is planning to make big investments in the "bank's digital platform, emerging lending businesses, and IT capabilities." The launch of EQ Bank has been a success, and management

believes it can continue to deliver more value in a consumer-focused landscape.

As of writing, the company is trading at a [ridiculously cheap](#) 7.76 times earnings and has a five-year P/E-to-growth ratio of only 0.30. This is a clear sign that the company is undervalued.

## CCL Industries

An industry-leading packaging company, CCL Industries's growth story is beginning to slow. In the first half of the past decade, the company was one of the best-performing stocks on the Index. In 2017, it hit an all-time high, and investors were sitting on gains in excess of 1,200%.

The company has since plateaued, and last week's disappointing earnings sent the company's stock price crashing. Over the past week, the company has lost 24.16% of its value. It has also entered oversold territory with a 14-day RSI of 12.46. This makes it one of the most oversold stocks on the TSX Index and is a sign that it may be due for a short-term bounce.

The fourth quarter was a challenging one for the company. Earnings dipped by 150 basis points, and it saw organic declines in sales across all segments. This led to a 4.1% decline in revenue. On the year, adjusted EPS jumped by 2.2%, and sales increased by 3.1% over fiscal 2018.

On the bright side, the company announced a 5.7% raise in the dividend. Although this was well below CCL's double-digit average, it marks the 19th consecutive year of dividend growth. One of the longest streaks in the country.

Unfortunately, the company also guided to a lower-than-expected outlook. CCL Industries has a complicated network of operations that are dependent on China. Given the virus outbreak, it expects a temporary disruption, which will impact the next few quarters.

Despite this, CCL Industries is in a strong financial position and is focused on optimizing free cash flow. It is now trading at a cheap 14.83 times forward earnings. Across all metrics, CCL is now the cheapest it has been in years.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CCL.B (CCL Industries)
2. TSX:EQB (EQB)

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