



3 Cheap Under \$100 Dividend Stocks I'd Buy Right Now

Description

Thanks to the strong buying in equities, most of the top Canadian stocks are looking expensive on the valuation front. However, a few continue to offer good value and are trading cheap. Notably, these companies are Dividend Aristocrats, implying that they have consistently increased their dividends for a very long period.

Let's delve into three dividend-paying stocks that are undervalued and are trading below \$100.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) stock recovered its losses and is up about 56% in one year. The reopening of the economy, an uptick in consumer demand, and its strong financial performance led to a rise in its stock. Despite the recent buying, Scotiabank stock is trading well below its peer group average. Scotiabank's P/BV (price to book value) multiple of 1.4 is about 19% lower than its peer group average. Further, its price to earnings multiple of 11.1 is also lower than peers.

I expect economic expansion and recovery in consumer demand to drive its loans and deposit volumes. Meanwhile, its exposure to the high-growth banking markets and diversified business model is likely to support its revenues and earnings. Scotiabank's provision for credit losses is expected to decline significantly in 2021 and is likely to cushion its earnings. Meanwhile, expense management and easier year-over-year comparisons suggest that Scotiabank could deliver strong earnings in 2021.

Scotiabank has continuously paid dividends since 1833 and increased it by about 6% annually over the past decade. The bank offers a dividend yield of over 4.6% and is among the top undervalued [income stocks](#) listed on the **TSX**.

Capital Power

Capital Power ([TSX:CPX](#)) stock is looking highly attractive on the valuation front. Moreover, the power producer has raised its dividends by about 7% annually in the past seven years and is on track to increase it further, thanks to its contracted assets that generate resilient cash flows. Also, it offers a high yield of 5.4%.

Notably, Capital Power stock is trading at a forward EV/EBITDA multiple of 8.4, reflecting a discount of about 31% from its peer group average of 12.3. Furthermore, its price-to-earnings ratio of 19.9 is also lower than its peers.

Besides trading cheap, Capital Power is expected to boost its shareholders' returns through higher dividend payments. It projects a 7% increase in its dividends for 2021. Meanwhile, it expects its dividends to increase by 5% in 2022. Its young fleet of assets, long-term contracts, strong counterparties, growth in renewable assets, strong development pipeline suggest that Capital Power is likely to generate strong cash flows in the coming years and continue to hike its dividends at a healthy rate.

Pembina Pipeline

Energy infrastructure giant **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is another top [growth and income](#) stock that is trading cheap. Pembina stock recovered some of its lost ground, thanks to the improving energy outlook. However, its valuation multiple suggests further upside.

Pembina Pipeline stock trades at an EV/EBITDA multiple of 10.4, reflecting a discount of about 13% compared to the peer group average. Meanwhile, Pembina Pipeline stock offers a high yield of over 6.8% and has consistently increased its dividends by about 4.9% annually in the last decade.

I believe economic expansion, improving demand, high volumes, and increased pricing to drive Pembina's revenues and earnings in 2021 and beyond. Furthermore, its diversified and contracted assets could continue to generate robust fee-based cash flows that are likely to drive its dividends higher.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CPX (Capital Power Corporation)
5. TSX:PPL (Pembina Pipeline Corporation)

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