3 Dividend Stocks to Buy on Sale

Description

Dividend stocks can be on sale in two different ways: they can be experiencing a dip in the share price, which also makes the yield more attractive, or they might simply be attractively valued. The letter manifests better in the growth but also endorses dividend sustainability (in many cases, not all).

Currently, there are three dividend stocks on sale that you should look into.

A metal distribution and processing company

Russel Metals (TSX:RUS) claims to be one of the largest metal distribution and processing companies in North America. It's definitely one of the old ones and was founded in 1929. It's part of a large family of companies, which lends it more strength in the industry. Its products portfolio is extensive and includes the distribution of a wide variety of metals and finished metal goods (like pipes, angles, and plates), spreading out the potential clientele.

Even though the stock rose quite close to the all-time high price point, growing almost 179% from crash to peak, the valuation remains quite attractive. It's currently trading at a price-to-earnings multiple of 6.6 and a price-to-book multiple of 1.8 times. The current yield is an attractive 4.9%, but it can become significantly more attractive if the stock enters a correction phase.

A mortgage company

If you are looking for a much more attractive yield, **MCAN Mortgage** (TSX:MKP) is a great stock to consider. The company has been generously growing its dividends for some time now, though it also slashed its payouts in 2018. The current payout ratio is quite safe and sustainable (almost 50%). However, the company sustained its payouts in 2020 when the payout ratio reached beyond 100%.

MCAN is also available at a very attractive valuation. The price-to-earnings multiple is at 6.3, and the price-to-book multiple is currently 1.3 times. The stock is also experiencing a dip of just 10% for now, but if it continues, the 7.9% yield could become much more attractive.

A buildings material distribution company

Doman Building Materials (TSX:DBM), which used to be Canwel (a name that's still used by many sister companies), is offering a powerful 7.8% yield. Most of the credit for this high yield goes to the share price, which has been sliding down from the post-pandemic peak and is currently on sale with a 29% discount tag.

But the company has also grown its payouts from $0.12 per share in 2020 (after slashing them in the third quarter) to $0.14 per share, which was the original number. The payout ratio seems quite stable right now, and it's also a great buy from a valuation perspective. Its price-to-earnings multiple of 5.3 makes the valuation attractive, but waiting for a new quarter's "revision" might be a smart move.

Foolish takeaway

All three dividend stocks are currently available at a great price, and all are offering attractively juicy yields. If you believe that the downward slide of Doman and MCAN would continue for a while now, it might be a good idea to wait and buy around the time when the recovery is imminent. This will help you lock a significantly better yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:MKP (MCAN Mortgage Corporation)
3. TSX:RUS (Russel Metals)

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