2 Undervalued Canadian Dividend Stocks to Buy Now

Description

Any time you are looking to buy stocks, it makes sense to try and buy them as cheap as possible. But when you can find Canadian dividend stocks that are trading undervalued and worth buying, the opportunity can be even more significant.

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When dividend stocks fall in value, the yields their stocks provide increase. When you find Canadian dividend stocks trading undervalued, you aren't just buying these stocks at a discount; you're also locking in a higher yield on cost for the duration of your investment.

And because we're always looking to buy stocks that we can hold for years, locking in a higher dividend yield can improve your long-term potential considerably.

If you're looking to buy undervalued Canadian stocks now, here are two of the best dividend stocks to consider.

A top Canadian media company

One of the cheapest stocks in Canada, and one that pays an attractive dividend, is **Corus Entertainment** (TSX:CJR.B). Because the stock is so undervalued, and the dividend is safe, Corus has to be one of the most undervalued Canadian dividend stocks to buy now.

After a years-long turnaround focused on paying down debt and improving operations, which Corus had to execute through the pandemic, today, it's in much better shape. In addition, debt used to be a major concern from investors, but thanks to Corus's impressive free cash flow generation lately, it's managed to pay down a tonne of debt.

So, with the company now in much better shape and the stock trading ultra-cheap, it's certainly one of the best Canadian dividend stocks to buy now. And while the company is already starting to buy back shares, a dividend increase is also potentially on the horizon, albeit not in the short term, as management wants to continue focusing on strengthening the business.

When you consider, though, that Corus currently offers a yield of roughly 5.4% but only has a payout ratio of about 30%, that's extremely low, especially for a well-established company like Corus. That clearly shows that the dividend is safe, and, at a certain point in the short term, it could become more prudent for Corus to start paying back cash rather than reducing its debt any further.

Not to mention, the stock is extremely undervalued. As of Monday's close, Corus is trading at a forward price-to-earnings (P/E) ratio of just 5.4 times and a forward enterprise value to EBITDA ratio of 4.7 times.

Considering that Corus is unbelievably cheap, offers an attractive yield, and has been improving its entire business, which is ultimately lowering the risk the stock has for investors, it has to be one of the best Canadian dividend stocks to buy now.

A top financial dividend stock for Canadian investors to buy now

Another company that's one of the best Canadian dividend stocks to buy now is **goeasy** (TSX:GSY), the specialty finance stock. At first glance, goeasy's dividend only offers a yield of roughly 2.8%. But while this is a much lower dividend than many other stocks on the market, the growth that goeasy has achieved is extremely impressive.

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In just the last three years, the dividend has been increased by more than 200%. That's incredible dividend growth. However, it's not surprising, given the fact that goeasy's profit has risen by more than 360% over that same period.

So, with the stock trading at a forward P/E ratio of just 10.7 times, it's easily one of the best Canadian dividend stocks to buy now.

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2. TSX:GSY (goeasy Ltd.)

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