3 Incredibly Cheap Dividend Stocks to Buy Today

Description

When stock markets are volatile, it is wise to have some exposure to **TSX** dividend stocks. Even if the market dips, you can still collect a steady, reliable stream of cash dividends. If you are shrewd, you might be able to buy cheap stocks today and significant upside ahead.

A great long-term opportunity for dividend stocks today

This downturn could be a great long-term opportunity if you have cash to invest. Even high-quality TSX dividend stocks have declined and many are just downright cheap. Here are three very cheap dividend stocks that deserve further investigation:

- **Northland Power** (TSX:NPI)
- **Dream Industrial REIT** (TSX:DIR.UN)
- **Enghouse Systems** (TSX:ENGH)

Northland Power

Given the risks facing global energy security today, all sources of independent energy are going to be important in the future. This will support a long growth opportunity for renewable power developers/operators like Northland Power. It has unique specialization in developing and operating offshore wind farms. It has a development pipeline that could more than double its EBITDA over the coming decade.

Europe is in an energy crunch right now. I believe this will lead to even further growth opportunities. Given high power prices in Europe, current and future projects could be even more profitable than anticipated. This should sustain strong cash flow growth for many years to come.

Northland stock pays a $0.10 dividend every month. At $38.90 per share, that equals a 3% dividend yield. With an enterprise value-to-EBITDA (EV/EBITDA) ratio of 13.5 times, it is one of the cheapest renewable stocks on the TSX.

Dream Industrial REIT

TSX real estate stocks have pulled back significantly in the past few weeks. Right now, investors can buy real estate stocks at a discount to their private market value. Likewise, they are trading with outsized dividend yields. A top TSX dividend stock to consider is Dream Industrial Real Estate Investment Trust (REIT).

It owns 240 multi-tenant industrial and warehouse properties across North America and Europe. These are very well-located properties in high demand areas. The REIT has seen very strong rental rate growth over the past few years. This has helped drive +10% cash flow-per-unit growth.

The REIT has an exceptional balance sheet and a low cost of debt (sub 2%). Its balance sheet is economically resilient, and its $0.05833 monthly distribution is well supported.

At $12.50 per unit, Dream stock pays an attractive 5.37% yield. For a mix of value, growth, and income, this is a good dividend stock today.

Enghouse Systems

It has not been a pretty year for Enghouse Systems. Its stock is down almost 50% this year. This tech company was a major beneficiary from the pandemic. However, the stock has been declining on slowing sales outside of the pandemic.

While that doesn’t sound exciting, this dividend stock consistently generates a lot of excess cash. It remains very profitable, and its net cash balance keeps growing. Today, it has over $230 million of spare cash to invest.

Enghouse has a long history of deploying its spare change into very profitable acquisitions. It is patient and invests only when it can earn high returns. Given the massive decline in tech valuations, now may be a perfect time for it to start acquiring and growing again.

In the meantime, investors can collect a $0.185 per share quarterly dividend. At today’s price, that is a 3% dividend yield. At eight times EBITDA and 12 times free cash flow, this is a very cheap stock. You may need to be patient, but this is a great TSX stock for a combination of capital upside and dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)

2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:NPI (Northland Power Inc.)

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