



3 Incredibly Cheap Canadian Stocks to Buy for Monthly Dividends

Description

Investing in quality [dividend stocks](#) allows you to generate steady cash flows over time. There are few stocks on the TSX that pay investors monthly dividends. Here, we'll look at three [cheap stocks](#) Canadians can buy to generate a predictable income stream each month.

Keyera

An energy infrastructure company, **Keyera** ([TSX:KEY](#)), returned 13.4% to investors in 2022. However, it's also trading 10% below 52-week highs and offers investors a dividend yield of 6.2%. Keyera currently pays investors monthly dividends of \$0.16 per share.

In 2021, Keyera increased revenue by 65.5% year over year to almost \$5 billion, while adjusted earnings surged 400% to \$1.40 per share. Now, analysts tracking Keyera stock expect earnings to rise by 32% in 2022, suggesting its price-to-earnings multiple of 16.9 is very reasonable.

Keyera has a strong balance sheet, allowing the company to distribute monthly dividends. Its dividend payouts have increased by 25% in the last six years. Investors can brace for further increases in dividends, as Keyera is forecast to increase earnings by 14% annually in the next five years.

Savaria

One of the top-performing stocks on the TSX, **Savaria** ([TSX:SIS](#)) has returned 1,380% to investors since August 2012. Savaria is a global leader in the accessibility industry and provides solutions for the physically challenged and the elderly. It has a comprehensive set of products with three business segments that include Accessibility, Patient Care, and Adapted Vehicles.

Savaria has a global manufacturing network with 15 plants across Canada, the U.S., Europe, and China.

Savaria pays investors a monthly dividend of \$0.042 per share, indicating a forward yield of 3.5%. Its

dividend has increased by 7% annually in the last five years.

Savaria's revenue in Q1 of 2022 rose 63.8% year over year to \$183.5 million due to its acquisition of Handicare.

Analysts tracking Savaria expect earnings to rise by 94% in 2022 and 25% in 2023. Given its robust earnings expansion, Savaria is trading at an attractive price-to-earnings multiple of 20. The stock also trades at a discount of 50% to average analyst price target estimates.

Pembina Pipeline

Another energy stock that makes the list is **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). A Canada-based pipeline company, Pembina, has a monthly dividend payout of \$0.21 per share, suggesting a dividend yield of 5.5%.

Pembina Pipeline started paying investors a dividend back in 1998. In the last decade, these payouts have risen at an annual rate of 5%. Pembina is well poised to maintain or even increase its payouts, even if market conditions deteriorate, as it derives 88% of cash flows from fee-based contracts. Its payout ratio is also sustainable at less than 60%.

Pembina has an investment-grade balance sheet providing it with additional financial flexibility. The company has a large pipeline of projects that should expand its base of cash-generating assets and fuel dividend increases in the future. Pembina recently disclosed a joint venture where it will merge its Western Canadian processing assets with an infrastructure fund. Once the deal is closed, Pembina will increase dividends by 3.6%.

The Foolish takeaway

Investors seeking passive income can use this article as a starting point to identify fundamentally strong stocks that pay monthly dividends. For example, an investment of \$5,000 in each of these three stocks will let you generate over \$60 in dividends each month.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:KEY (Keyera Corp.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:SIS (Savaria Corporation)

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Date

2025/08/19

Date Created

2022/08/09

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