3 Unjustifiably Cheap Dividend Stocks in Canada

Description

The **S&P/TSX Composite Index** fell 91 points on Friday, February 17. Some of the top-performing sectors included battery metals, health care, and telecoms. Meanwhile, the energy sector was pummeled. Today, I want to target three dividend stocks that are unjustifiably cheap in Canada right now. Let's jump in.

This cheap dividend stock offers exposure to the green energy space

Northland Power (TSX:NPI) is a Toronto-based independent power producer that develops, builds, owns, and operates clean and green power projects in North America, Europe, and around the world. Shares of this dividend stock have dropped 9.2% year over year as of close on February 17. The stock has plunged 11% in the new year, wiping out Northland's year-over-year gains.

This company recently announced that it would release its fourth-quarter (Q4) and full-year fiscal 2022 earnings on Thursday, February 23. In Q3 2022, Northland Power reported sales of $556 million, which was up from $432 million in Q3 2021. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure aims to give a clearer picture of a company's profitability. Northland posted adjusted EBITDA of $290 million — up from $211 million in the prior year.

Shares of this dividend stock currently possess a favourable price-to-earnings (P/E) ratio of 11. The Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. Northland has an RSI of 27, which puts this stock in oversold territory. Moreover, this cheap stock offers a monthly distribution of $0.10 per share. That represents a 3.5% yield.

I'm still looking to stack shares of this undervalued bank stock

Scotiabank (TSX:BNS) is sometimes called "The International Bank" as it boasts a large global footprint compared to its Big Six Canadian bank peers. Shares of Scotiabank have jumped 11% so far in 2023. However, the stock is still down 20% compared to the previous year.

Investors can expect to see this bank's first batch of fiscal 2023 earnings on Tuesday, February 28. In fiscal 2022, Scotiabank delivered adjusted net earnings growth in its Canadian Banking segment of 15% to $4.77 billion. Meanwhile, adjusted net earnings in its International Banking segment increased 32% to $2.44 billion. Scotiabank is facing a challenging macroeconomic climate, but it should see profit margins improve, as interest rates have climbed significantly higher.

This cheap dividend stock last had an attractive P/E ratio of nine. Scotiabank offers a quarterly dividend of $1.03 per share, which represents a strong 5.6% yield.

One more cheap dividend stock that I'd snatch up today

Canadian Tire (TSX:CTC.A) is the third and final cheap dividend stock I'd look to snatch up in late February. This Toronto-based company provides a range of retail goods and services across Canada. I'm stoked about this undervalued stock after its recent earnings release.

Shares of this dividend stock have dropped 7.4% year over year as of close on February 17. However, the stock has surged 19% in the year-to-date period. Investors who want to see more can play with the interactive price chart below.

Canadian Tire unveiled its final batch of fiscal 2022 earnings on February 16. It achieved consolidated comparable sales growth of 2.7% in the Retail segment. For the full year, consolidated retail sales grew 5.4% to $19.2 billion. Moreover, revenue rose 9.3% to $17.8 billion.

Its shares currently possess a favourable P/E ratio of 9.9. Canadian Tire offers a quarterly dividend of $1.725, representing a 3.9% yield.

CATEGORY

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:NPI (Northland Power Inc.)

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