



## Long-Term Investors: 3 Inexpensive Stocks to Consider Buying Today

### Description

As many investors know, finding the right stock at the right price is not an easy task. To make things easier, I have compiled a list of three stocks that are trading at inexpensive valuations, so let's take a closer look at each to determine which one would fit best in your portfolio.

#### 1. Canadian Tire Corporation Limited

**Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) is one of the largest retailers in Canada, and it is the company behind brands like Canadian Tire, Mark's, FGL Sports, and Sport Chek.

At current levels, Canadian Tire's stock trades at just 17.4 times fiscal 2014's diluted earnings per share of \$7.59, only 16.5 times fiscal 2015's estimated earnings per share of \$7.98, and a mere 15 times fiscal 2016's estimated earnings per share of \$8.78, all of which are inexpensive compared to its long-term growth rate and the industry average price-to-earnings multiple of 24.9.

I think Canadian Tire's stock could consistently command a fair multiple of at least 18, which would place its shares upwards of \$143 by the conclusion of fiscal 2015 and upwards of \$158 by the conclusion of fiscal 2016, representing upside of more than 8% and 19.5%, respectively, from today's levels.

In addition, Canadian Tire pays a quarterly dividend of \$0.525 per share, or \$2.10 per share annually, giving its stock a 1.6% yield at current levels. It is also worth noting that the company has increased its dividend six times in the last five years, which shows that it is strongly dedicated to maximizing the amount of capital it returns to shareholders, and its increased free cash flow could allow for another increase in the next few quarters.

#### 2. The Jean Coutu Group

**The Jean Coutu Group** ([TSX:PJC.A](#)) is one of the largest owners and operators of pharmacies in Canada with over 400 locations, and it is also the owner of Pro Doc Ltd., a manufacturer of generic drugs.

At today's levels, Jean Coutu's stock trades at just 21.5 times fiscal 2015's estimated earnings per share of \$1.19 and only 20 times fiscal 2016's estimated earnings per share of \$1.28, both of which are inexpensive compared to its long-term growth rate and the industry average price-to-earnings multiple of 26.8.

I think Jean Coutu's stock could consistently command a fair multiple of at least 24, which would place its shares upwards of \$28.50 by the conclusion of fiscal 2015 and upwards of \$30.50 by the conclusion of fiscal 2016, representing upside of more than 11% and 19%, respectively, from current levels.

Additionally, Jean Coutu pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, which gives its stock a 1.6% yield at today's levels. The company has also increased its annual dividend payment for six consecutive years, and its consistent free cash flow generation could allow this streak to continue for the next several years.

### 3. BRP Inc.

**BRP Inc.** ([TSX:DOO](#)) is one of the world's leading manufacturers of recreational power sports products, including snowmobiles, personal water crafts, and all-terrain vehicles.

At current levels, the company's stock trades at just 15.7 times fiscal 2015's adjusted earnings per share of \$1.65, only 15.2 times fiscal 2016's estimated earnings per share of \$1.70, and a mere 13.9 times fiscal 2017's estimated earnings per share of \$1.87, all of which are inexpensive compared to the industry average multiple of 23.4.

I think BRP's stock could consistently command a fair multiple of at least 20, which would place its shares upwards of \$34 by the conclusion of fiscal 2016 and upwards of \$37 by the conclusion of fiscal 2017, representing upside of more than 31% and 42.5%, respectively, from today's levels.

### Which of these top stocks belong in your portfolio?

Canadian Tire Corporation, The Jean Coutu Group, and BRP Inc. represent three of the best long-term investment opportunities in the market today. Foolish investors should take a closer look and strongly consider establishing long-term positions in at least one of them.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:DOO (BRP Inc.)
3. TSX:TLRY (Aphria)

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