



Long-Term Investors: 3 Very Inexpensive Stocks to Buy Today

Description

As most investors have come to know, finding the right stock at the right price is not an easy task. In order to make things easy, I have compiled a list of three stocks that are trading at lower multiples than their industry average, so let's take a closer look at each to determine which one would be the best fit for your portfolio.

1. Canadian Pacific Railway Limited

Canadian Pacific Railway Limited ([TSX:CP](#))([NYSE:CP](#)) is one of the largest rail network operators in North America. At today's levels its stock trades at just 19.3 times fiscal 2015's estimated earnings per share of \$10.87 and only 16.4 times fiscal 2016's estimated earnings per share of \$12.79, both of which are very inexpensive compared with the industry average multiple of 23.2.

I think Canadian Pacific's stock could consistently command a fair multiple of at least 24, which would place its shares upwards of \$260 by the conclusion of fiscal 2015 and upwards of \$306 by the conclusion of fiscal 2016, representing upside of more than 23% and 45%, respectively, from current levels.

In addition, Canadian Pacific pays a quarterly dividend of \$0.35 per share, or \$1.40 per share annually, giving its stock a 0.7% yield at today's levels. A 0.7% yield may not seem impressive at first, but investors should note that the company has increased its dividend three times in the last five years, and its increased amount of free cash flow could allow for another increase in the second half of this year.

2. SNC-Lavalin Group Inc.

SNC-Lavalin Group Inc. (TSX:SNC) is one of the world's largest engineering and construction companies. At current levels, its stock trades at just 19.3 times fiscal 2015's estimated earnings per share of \$2.40 and only 16.7 times fiscal 2016's estimated earnings per share of \$2.78, both of which are very inexpensive compared with the industry average price-to-earnings multiple of 23.5.

I think SNC's stock could consistently command a fair multiple of at least 23.5, which would place its

shares upwards of \$56 by the conclusion of fiscal 2015 and upwards of \$65 by the conclusion of fiscal 2016, representing upside of over 20% and 40%, respectively, from today's levels.

Additionally, SNC pays a quarterly dividend of \$0.25 per share, or \$1.00 per share annually, which gives its stock a 2.15% yield at current levels. Like Canadian Pacific's 0.7% yield, SNC's 2.15% yield may not impress you at first, but it is very important to note that the company has increased its annual dividend payment for 15 consecutive years, making it one of the top dividend-growth plays in the industry today.

3. Enbridge Inc.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is one of world's leading transporters and distributors of crude oil and natural gas. At today's levels its stock trades at just 26.9 times its median earnings per share outlook of \$2.20 for fiscal 2015 and only 22.3 times analysts' estimated earnings per share of \$2.65 for fiscal 2016, both of which are very inexpensive compared with the industry average price-to-earnings multiple of 36.3.

I think Enbridge's stock could consistently command a fair multiple of at least 32, which would place its shares upwards of \$70 by the conclusion of fiscal 2015 and upwards of \$84 by the conclusion of fiscal 2016, representing upside of more than 18% and 41%, respectively, from current levels.

In addition, Enbridge pays a quarterly dividend of \$0.465 per share, or \$1.86 per share annually, giving its stock a 3.1% yield at today's levels. The company has also increased its dividend every year since 1996, and it expects to increase it by 14-16% annually through 2018, making it one of the top dividend-growth plays in the market today.

Which of these top value plays should you buy today?

Canadian Pacific, SNC-Lavalin, and Enbridge represent three of the top value plays 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. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:ATRL (SNC-Lavalin Group)
4. TSX:CP (Canadian Pacific Railway)
5. TSX:ENB (Enbridge Inc.)

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