



3 Ways to Invest in the Growing North American Agriculture Industry

Description

As the North American agriculture industry has been a consistent source of growth over the last few years, investors are constantly on the lookout for quality stocks within the industry to buy. However, finding the right stock at the right price can be very difficult. To make things easier, I have compiled a list of three companies that operate in different areas within the industry that trade at inexpensive forward valuations, so let's take a closer look at each to determine which would be the best fit for your portfolio.

Ag Growth International Inc.

Ag Growth International Inc. ([TSX:AFN](#)) is one of the world's leading manufacturers of portable and stationary grain handling, storage, and conditioning equipment. At today's levels, its stock trades at 15.9 times fiscal 2015's estimated earnings per share of \$3.03 and 12.4 times fiscal 2016's estimated earnings per share of \$3.90, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 21.7. In addition, the company pays a monthly dividend of \$0.20 per share, or \$2.40 per share annually, giving its stock a 5% yield at current levels.

Cervus Equipment Corp.

Cervus Equipment Corp. (TSX:CVL) owns and operates the largest group of John Deere agricultural equipment dealerships in Canada. At current levels, its stock trades at 12.9 times fiscal 2015's estimated earnings per share of \$1.23 and 9.6 times fiscal 2016's estimated earnings per share of \$1.65, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13. Additionally, the company pays a quarterly dividend of \$0.2125 per share, or \$0.85 per share annually, which gives its stock a 5.4% yield at today's levels.

Potash Corp./Saskatchewan

Potash Corp./Saskatchewan (TSX:POT)(NYSE:POT) is the world's largest manufacturer and distributor of fertilizer. At today's levels, its stock trades at 21.9 times its median earnings per share outlook of \$1.80 for fiscal 2015 and 18.2 times analysts' estimated earnings per share of \$2.16 for fiscal 2016, the latter of which is inexpensive compared with five-year average price-to-earnings

multiple of 19.7. In addition, the company pays a quarterly dividend of \$0.38 per share, or \$1.52 per share annually, giving its stock a 3.9% yield at current levels.

Which of these ag stocks should you buy today?

Ag Growth International, Cervus Equipment, and Potash Corp./Saskatchewan are three of the best ways to play the growing North American agriculture industry. Foolish investors should take a closer look and strongly consider beginning to scale in to positions in one of them today.

CATEGORY

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2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:AFN (Ag Growth International)

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Date

2025/09/27

Date Created

2015/06/26

Author

jsolitro

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