



3 Auto Stocks to Buy Today

Description

The North American automotive industry has been a great source of growth in recent years, and savvy investors are constantly looking for ways to profit from this trend. To make things easy for you, I scoured the industry and found three stocks that are trading at inexpensive forward valuations compared with their sub-industry averages, so let's take a closer look at each to determine which would be the best fit for your portfolio.

1. Magna International Inc.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) is one of the world's leading manufacturers and distributors of automotive parts and accessories. At today's levels, its stock trades at 14.7 times fiscal 2015's estimated earnings per share of \$4.67 and 12.3 times fiscal 2016's estimated earnings per share of \$5.58, both of which are inexpensive compared with its industry average price-to-earnings multiple of 27.9. In addition, the company pays a quarterly dividend of \$0.22 per share, or \$0.88 per share annually, giving its stock a 1.7% yield.

2. AutoCanada Inc.

AutoCanada Inc. ([TSX:ACQ](#)) is Canada's largest multi-location automotive dealership group. At current levels, its stock trades at 13.4 times fiscal 2015's estimated earnings per share of \$1.95 and 9.8 times fiscal 2016's estimated earnings per share of \$2.67, both of which are inexpensive compared with its industry average price-to-earnings multiple of 35.2. Also, the company pays a quarterly dividend of \$0.25 per share, or \$1.00 per share annually, which gives its stock a 3.8% yield.

3. Linamar Corporation

Linamar Corporation ([TSX:LNR](#)) is one of the world's largest manufacturers of power-train system solutions. At today's levels, its stock trades at 11 times fiscal 2015's estimated earnings per share of \$6.53 and 10.1 times fiscal 2016's estimated earnings per share of \$7.14, both of which are inexpensive compared with its industry average price-to-earnings multiple of 27.9. Additionally, the company pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 0.55% yield.

Which of these auto stocks should you buy today?

Magna International, AutoCanada, and Linamar are three of the best investment options in the automotive industry. Foolish investors should strongly consider initiating positions in one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:ACQ (AutoCanada Inc.)
3. TSX:LNR (Linamar Corporation)
4. TSX:MG (Magna International Inc.)

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