



3 Cheap Airline Stocks to Buy Today

Description

As many investors have come to know, finding the right stock at the right price can be a very difficult task. However, the recent downturn in the market has created a plethora of opportunities, especially in the airline industry. Let's take a look at three stocks that are now trading at inexpensive valuations compared with their five-year averages, so you can decide which would be the best fit for your portfolio.

1. WestJet Airlines Ltd.

WestJet Airlines Ltd. (TSX:WJA) is one of the largest airline companies in North America. At today's levels, its stock trades at 7.9 times fiscal 2015's estimated earnings per share of \$3.01 and 8 times fiscal 2016's estimated earnings per share of \$2.99, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13.9.

In addition, WestJet pays a quarterly dividend of \$0.14 per share, or \$0.56 per share annually, giving its stock a 2.3% yield.

2. Chorus Aviation Inc.

Chorus Aviation Inc. (TSX:CHR.B) is a Canadian-based holding company engaged in airline services throughout Canada. At current levels, its stock trades at seven times fiscal 2015's estimated earnings per share of \$0.80 and 6.7 times fiscal 2016's estimated earnings per share of \$0.83, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 9.8.

Also, Chorus pays a monthly dividend of \$0.04 per share, or \$0.48 per share annually, which gives its stock an 8.6% yield.

3. Air Canada

Air Canada ([TSX:AC](#)) is one of the largest full-service airline companies in Canada. At today's levels, its stock trades at 3.2 times fiscal 2015's estimated earnings per share of \$3.75 and 3.4 times fiscal 2016's estimated earnings per share of \$3.56, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 36.9.

Air Canada does not currently pay a dividend, but it generated \$682 million of free cash flow in the first half of fiscal 2015, so if it can keep this up, I think it could initiate a quarterly dividend or pay a special dividend in 2016.

Which of these stocks belongs in your portfolio?

WestJet Airlines, Chorus Aviation, and Air Canada represent three of the best long-term investment opportunities in the airline industry. All Foolish investors should strongly consider beginning to scale in to positions in one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:CHR (Chorus Aviation Inc.)

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