These 3 Beaten-Down Stocks Are Now Great Value Plays

Description

If you're looking to add value-based investments to your portfolio, then you've come to the right place. I've scoured the market and found three stocks that have fallen over 19% in the last six months, but are now trading at very inexpensive forward valuations compared with their five-year and industry averages, so let's take a closer look at each to determine which would be the best fit for your portfolio.

1. Concordia Healthcare Corp.

(All figures are in U.S. dollars)

Concordia Healthcare Corp. (TSX:CXR)(NASDAQ:CXRX) is a diverse healthcare company focused on the acquisition and development of legacy pharmaceutical products and orphan drugs. Its stock has fallen about 10% year-to-date, including a decline of over 59% in the last three months.

At current levels, Concordia's stock trades at just 9.8 times fiscal 2015's estimated earnings per share of $4.30 and only 5.8 times fiscal 2016's estimated earnings per share of $7.20, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 135.5 and its industry average multiple of 33.2.

Also, the company pays a quarterly dividend of $0.075 per share, or $0.30 per share annually, which gives its stock a 1% yield.

2. Metaux Russel Inc.

Metaux Russel Inc. (TSX:RUS) is one of the largest metals distribution companies in North America. Its stock has fallen over 22% year-to-date, including a decline of more than 27% in the last six months.

At today's levels, its stock trades at just 17.4 times fiscal 2015's estimated earnings per share of $1.16 and only 13 times fiscal 2016's estimated earnings per share of $1.55, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 22 and its industry average multiple of 26.2.

In addition, the company pays a quarterly dividend of $0.38 per share, or $1.52 per share annually, giving its stock a 7.5% yield.

3. Finning International Inc.

Finning International Inc. (TSX:FTT) is the world's largest dealer of Caterpillar machinery, equipment, and accessories. Its stock has fallen over 20% year-to-date, including a decline of more than 19% in the last six months.

At current levels, its stock trades at just 12.4 times fiscal 2015's estimated earnings per share of $1.61 and only 11.5 times fiscal 2016's estimated earnings per share of $1.73, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.5 and its industry average multiple of 24.4.

Also, the company pays a quarterly dividend of $0.1825 per share, or $0.73 per share annually, which gives its stock a 3.65% yield.

Should you buy one of these beaten-down stocks today?

Concordia Healthcare, Metaux Russel, and Finning International have taken beatings over the last six months, but they could head significantly higher from this point forward. Value investors should take a closer look and strongly consider beginning to scale in to long-term positions in one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTT (Finning International Inc.)
2. TSX:RUS (Russel Metals)

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