



3 Undervalued Stocks for Long-Term Investors

Description

As many investors can attest, finding the right stock at the right price is not an easy task. Well, in order to make things easier for you, I have scoured the market and found three stocks from three different industries that are trading at inexpensive forward valuations compared with their five-year averages, so let's take a quick look at each to determine if you should buy one of them today.

1. Saputo Inc.

Saputo Inc. ([TSX:SAP](#)) is the largest dairy processor in Canada and one of the 10 largest in the world.

At today's levels, its stock trades at just 21.7 times fiscal 2016's estimated earnings per share of \$1.49 and only 18.9 times fiscal 2017's estimated earnings per share of \$1.71, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 37.5.

I think Saputo's stock could consistently command a fair multiple of about 25, which would place its shares upwards of \$42.50 by the conclusion of fiscal 2017, representing upside of more than 31% from current levels.

Also, the company pays a quarterly dividend of \$0.135 per share, or \$0.54 per share annually, giving its stock a 1.7% yield.

2. Killam Properties Inc.

Killam Properties Inc. (TSX:KMP) is one of Canada's largest residential landlords, owning, operating, and developing multi-family apartments and manufactured home communities.

At current levels, its stock trades at just 13.2 times fiscal 2015's estimated earnings per share of \$0.79 and only 12.4 times fiscal 2016's estimated earnings per share of \$0.84, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.8.

I think Killam's stock could consistently command a fair multiple of about 15, which would place its shares upwards of \$12.50 by the conclusion of fiscal 2016, representing upside of more than 19% from

today's levels.

In addition, the company pays a monthly dividend of \$0.05 per share, or \$0.60 per share annually, giving its stock a 5.7% yield.

3. Quebecor Inc.

Quebecor Inc. ([TSX:QBR.B](#)) is one of the largest telecommunications, media, and entertainment companies in Canada.

At today's levels, its stock trades at just 16.9 times fiscal 2015's estimated earnings per share of \$2.03 and only 15.2 times fiscal 2016's estimated earnings per share of \$2.25, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 40.1.

I think Quebecor's stock could consistently command a fair multiple of about 18, which would place its shares around \$40.50 by the conclusion of fiscal 2016, representing upside of more than 18% from current levels.

Additionally, the company pays a quarterly dividend of \$0.035 per share, or \$0.14 per share annually, giving its stock a 0.4% yield.

Which of these value plays belong in your portfolio?

Saputo, Killam Properties, and Quebecor are three of the most undervalued stocks in their respective industries. Foolish investors should take a closer look and consider establishing positions in one or more of them today.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)
2. TSX:QBR.B (Quebecor Inc.)
3. TSX:SAP (Saputo Inc.)

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Date

2025/07/08

Date Created

2015/12/03

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