3 Great Buys for Long-Term Investors

Description

As value-conscious investors, we are always on the lookout for high-quality stocks that are trading at discounted levels, and the downturn in the market has created a plethora of opportunities. With this in mind, let's take a look at three very inexpensive stocks from three different industries, so you can determine if you should buy one of them today.

1. Quebecor Inc.

Quebecor Inc. (TSX:QBR.B) is a Canadian leader in the telecommunications, media, and entertainment industries, and it owns the largest French-language television network in North America.

At today's levels, its stock trades at just 16.5 times fiscal 2015's estimated earnings per share of $2.04 and only 14.8 times fiscal 2016's estimated earnings per share of $2.28, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 46.1 and its industry average multiple of 21.3.

With the multiples above and its estimated 18.4% long-term earnings growth rate in mind, I think Quebecor's stock should consistently trade at a fair multiple of at least 18, which would place its shares upwards of $41 by the conclusion of fiscal 2016, representing upside of more than 21% from current levels.

Also, the company pays a quarterly dividend of $0.035 per share, or $0.14 per share annually, which gives its stock a 0.4% yield.

2. IGM Financial Inc.

IGM Financial Inc. (TSX:IGM) is one of the largest personal financial services companies in Canada with over $130 billion in assets under management.

At today's levels, its stock trades at just 10.1 times fiscal 2015's estimated earnings per share of $3.19 and only 10 times fiscal 2016's estimated earnings per share of $3.23, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.7 and its industry average multiple of 30.3.

With the multiples above and its estimated 3.5% long-term earnings growth rate in mind, I think IGM's stock should consistently trade at a fair multiple of at least 14, which would place its shares upwards of $45 by the conclusion of fiscal 2016, representing upside of over 39% from current levels.

In addition, the company pays a quarterly dividend of $0.5625 per share, or $2.25 per share annually, which gives its stock a 7% yield.

3. Sleep Country Canada Holdings Inc.

Sleep Country Canada Holdings Inc. (TSX:ZZZ) is the leading retailer of mattresses and sleep accessories in Canada.

At today's levels, its stock trades at just 14.3 times fiscal 2015's estimated earnings per share of $1.09 and only 13.4 times fiscal 2016's estimated earnings per share of $1.16, both of which are inexpensive compared with its industry average price-to-earnings multiple of 21.8 and its sector average multiple of 17.2. It is very important to note the company went public in July 2015, so historical averages do not exist.

With the fact that it is the only publicly traded mattress company in Canada and its estimated 6.6% long-term earnings growth rate in mind, I think Sleep Country's stock should consistently trade at a fair multiple of about 20, which would place its shares upwards of $23 by the conclusion of fiscal 2016, representing upside of more than 47% from current levels.

Also, the company pays a quarterly dividend of $0.13 per share, or $0.52 per share annually, which gives its stock a 3.3% yield.

Should you be a long-term buyer today?

Quebecor, IGM Financial, and Sleep Country Canada Holdings are three very attractive long-term investment options, and all have the added benefit of dividends. Foolish investors should take a closer look and strongly consider initiating positions in one or more of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:IGM (IGM Financial Inc.)
2. TSX:QBR.B (Quebecor Inc.)

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Author
jsolitro