



3 Undervalued Communications Stocks Worth Buying Today

Description

As a value-conscious investor, I am always on the lookout for high-quality companies whose stocks are trading at discounted levels, and after a search of the communications industry, I have found three very attractive options. Let's take a quick look at each to 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. Its subsidiaries include

- Quebecor: the leading provider of digital media in Quebec
- TVA Group: the largest private French-language broadcaster in North America
- TVA Network: the most popular television network in Quebec
- TVA Publications: the largest magazine publisher in Quebec with more than 70 magazines

At today's levels, its stock trades at just 15.4 times fiscal 2016's estimated earnings per share of \$2.13 and only 12.9 times fiscal 2017's estimated earnings per share of \$2.53, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 47.9.

I think Quebecor's stock could consistently trade at a fair multiple of at least 18, which would place its shares upwards of \$45 by the conclusion of fiscal 2017, representing upside of more than 37% from today's levels.

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

2. Manitoba Telecom Services Inc.

Manitoba Telecom Services Inc. ([TSX:MBT](#)) is the leading communications and information technology services company in Manitoba. Its subsidiaries include

- MTS Inc.: the largest wireless provider in Manitoba

- AAA Security: one of the leading providers of security solutions in Manitoba
- Epic Information Solutions: one of Manitoba's leading providers of technology solutions, including application development, data management, and cloud solutions

At today's levels, its stock trades at just 24 times fiscal 2016's estimated earnings per share of \$1.38 and only 21.2 times fiscal 2017's estimated earnings per share of \$1.56, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 75.1.

I think Manitoba Telecom's stock could consistently trade at a fair multiple of at least 26, which would place its shares upwards of \$40 by the conclusion of fiscal 2017, representing upside of more than 20% from today's levels.

In addition, the company pays a quarterly dividend \$0.325 per share, or \$1.30 per share annually, which gives its stock a yield of about 3.9%.

3. Macdonald Dettwiler & Associates Ltd.

Macdonald Dettwiler & Associates Ltd. ([TSX:MDA](#)) is a global communications and information company, providing operational solutions to commercial and government organizations worldwide. It operates in two principal markets:

- Communications: it is one of the world's leading suppliers of communications satellites and satellite antenna subsystems, which provide cost-efficient global delivery of direct-to-home television, satellite radio, broadband Internet, and mobile communications
- Surveillance & Intelligence: it is one of the world's leading suppliers of space-based and airborne surveillance solutions, satellite ground stations, and associated geospatial information services

At today's levels, its stock trades at just 13.8 times fiscal 2016's estimated earnings per share of \$6.33 and only 12.5 times fiscal 2017's estimated earnings per share of \$6.94, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 28.5.

I think Macdonald Dettwiler's stock could consistently trade at a fair multiple of at least 15, which would place its shares upwards of \$104 by the conclusion of fiscal 2017, representing upside of more than 19% from today's levels.

In addition, the company pays a quarterly dividend of \$0.37 per share, or \$1.48 per share annually, which gives its stock a yield of about 1.7%.

Could your portfolio use a communications stock?

Quebecor, Manitoba Telecom Services, and Macdonald Dettwiler & Associates are three very attractive investment options in the communications industry. Foolish investors should take a closer look at each and strongly consider beginning to scale in to long-term positions in one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:QBR.B (Quebecor Inc.)

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