3 Undervalued Stocks to Add to Your Watch List

Description

If you're a value investor, then this article is for you. I've scoured the market and found three stocks from different industries that are trading at inexpensive valuations, so I've added them to my watch list. Let's take a closer look at each to determine if they belong on your watch list as well or if you should take it one step further by establishing a position in one of them today.

1. Canadian Western Bank

Canadian Western Bank (TSX:CWB) is one of the largest banking institutions in Canada's four western provinces with approximately $23.5 billion in total assets.

At today's levels, its stock trades at just 9.3 times fiscal 2016's estimated earnings per share of $2.61 and only 8.8 times fiscal 2017's estimated earnings per share of $2.76, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.6 and its industry average multiple of 13.1.

In addition, CWB pays a quarterly dividend of $0.23 per share, or $0.92 per share annually, which gives its stock a yield of about 3.8%. It is also important to note that the company has raised its annual dividend payment for 23 consecutive years, and its recent increases, including its 4.5% hike in December 2015, has it on pace for fiscal 2016 to mark the 24th consecutive year with an increase.

2. Gildan Activewear Inc.

Gildan Activewear Inc. (TSX:GIL)(NYSE:GIL) is one of world's largest manufacturers and distributors of apparel products, and its brands include Gildan, Anvil, Silks, Secret, and Comfort Colors.

At today's levels, its stock trades at just 19.4 times fiscal 2016's estimated earnings per share of US$1.57 and only 16.8 times fiscal 2017's estimated earnings per share of US$1.82, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 22.9 and its industry average multiple of 21.9.

In addition, Gildan pays a quarterly dividend of US$0.078 per share quarterly, or US$0.312 per share annually, which gives its stock a yield of about 1%. It is also important to note that the company has raised its annual dividend payment for three consecutive years, and its 20% hike in February has it on pace for 2016 to mark the fourth consecutive year with an increase.

3. Cameco Corporation

Cameco Corporation (TSX:CCO)(NYSE:CCJ) is one of the world's largest producers of uranium, providing about 18% of the world's total production, and it is one of the leading providers of nuclear fuel processing services.

At today's levels, its stock trades at just 13.3 times fiscal 2016's estimated earnings per share of $1.25 and only 10.9 times fiscal 2017's estimated earnings per share of $1.53, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 103.9 and its industry average multiple of 49.1.

In addition, Cameco pays a quarterly dividend of $0.10 per share, or $0.40 per share annually, which gives its stock a yield of about 2.4%. It is also important to note that the company has maintained its current annual dividend rate since 2011, and I think its ample cash provided by operating activities, including the $450 million it reported in fiscal 2015, will allow it to continue to do so going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:GIL (Gildan Activewear Inc.)
3. TSX:CCO (Cameco Corporation)
4. TSX:CWB (Canadian Western Bank)
5. TSX:GIL (Gildan Activewear Inc.)

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jsolitro