5 Incredibly Cheap Value Stocks to Buy Today

Description

When you're looking for investing ideas, there's nothing better than parking your money in great companies that are trading at hefty discounts because of market fears over temporary hiccups. Here are five such stocks that fit the bill and offer great value for your money today.

Magna International Inc. (TSX:MG)(NYSE:MGA)

Magna is down 10% year to date on fears of peaking auto sales. However, leading auto makers continue to report strong sales numbers, with **General Motors's** CFO Chuck Stevens even calling it an industry "plateauing with many years of strong performance ahead." Magna's numbers present an equally optimistic picture; its Q1 sales and net income climbed 15% and 8% year over year, respectively. The world's leading auto parts supplier now expects full-year sales to grow 11-16%.

Regardless of whether or not Magna will bag the rumoured **Apple** car contract, analysts estimate it to grow at 14% clip next year. Compare that with the stock's measly eight times trailing P/E and seven times forward P/E, and you wouldn't want to miss the incredible opportunity.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI)

Canadian National reported 16% higher net income in Q1, but an outlook downgrade to flat EPS left investors worried and drove the stock down. However, this presents a great opportunity for prudent investors.

Canadian National is a fundamentally solid company with best-in-class operating ratio that proves management efficiency and is a huge competitive advantage in its industry. The company's sales could surge once spending activity in mining and oil and gas sectors pick up, backed by rallying commodities prices. Analysts peg its earnings to grow 10% next year.

With the stock trading at only 12 times forward earnings and 2% forward annual dividend yield, you may regret missing this bargain train today.

Fortis Inc. (TXS:FTS)

As one of North America's largest electric and gas utilities companies, Fortis has solid growth potential for two reasons. One, demand for essentials like electricity and gas is less vulnerable to cyclical swings. Two, Fortis is expanding rapidly through aggressive growth initiatives such as its impending US$11.3 billion acquisition of **ITC Holdings Corp.**, the largest pure-play transmission company in the U.S.

Previous acquisitions drove Fortis's EPS to record highs of $2.61 in 2015. Its net income has now grown at an average compounded rate of 20% over the past five years. That's huge, and could become a new normal once the ITC deal is through. For such strong growth prospects, Fortis is trading at only 16 times trailing earnings—a substantial discount to its five-year average P/E of 21—and offering a forward annual dividend yield of 3.7%. I'd call that a steal of a deal.

Agrium Inc. (TSX:AGU)(NYSE:AGU)

Agrium's earnings may have been hammered and guidance revised lower in the first quarter, but such awful times are also the best to scoop up cyclical stocks that have become victims of market fears overshadowing their proven strength and stability.

From seeds and crop protection to key fertilizers, Agrium sells essential products that can boost crop productivity—a must-have as the population expands and arable land shrinks.

Despite low crop prices hitting sales hard, Agrium is generating an operating margin above 10%, is free cash flow positive, and has returned more than US$1 billion to shareholders in the form of dividends and buybacks in the past year. Count in 15% projected earnings growth next year and a forward annual dividend yield of nearly 4%, and Agrium looks like a great bargain at 13 times trailing earnings.

Sun Life Financial Inc. (TSX:SLF)(NYSE:SLF)

Canada's third-largest insurance company reported 13% growth in its underlying net income in Q1, thanks to the benefits from the acquisitions that it's made in recent years, especially in the high-potential Asian markets. Its net premium revenue surged 45% to US$3.2 billion, and it ended the quarter with net cash and a cash equivalents balance of US$5.2 billion compared to US$4 billion a year ago.

With Sun Life now focused on organic growth, investors can expect even greater returns in the form of dividends after getting a nice 4% bump in quarterly dividend earlier this month. Investors can buy this great income stock really cheap today, as Sun Life is trading at historically low valuations of under 12 times trailing and 11 times forward earnings.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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