



3 Undervalued Food Stocks to Add to Your Shopping List

Description

As a value-conscious investor, I'm always on the lookout for high-quality companies whose stocks are trading at discounted levels, and after a recent search of the food industry, I came across three attractive options. Let's take a closer look at each, so you can determine if you should invest in one of them today.

1. Saputo Inc.

Saputo Inc. ([TSX:SAP](#)) is one of the world's 10 largest dairy processors. Its product offerings include cheese, fluid milk, cultured products, and dairy ingredients, and it's the company behind brands such as Saputo, Armstrong, Baxter, Cracker Barrel, Friendship, and Stella.

Its stock currently trades at just 25.4 times fiscal 2016's estimated earnings per share of \$1.57 and only 22.1 times fiscal 2017's estimated earnings per share of \$1.80, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 26.1 and its five-year average multiple of 36.1.

Additionally, Saputo pays a quarterly dividend of \$0.135 per share, or \$0.54 per share annually, which gives its stock a yield of about 1.4%. Investors must also note that the company has raised its annual dividend payment for 15 consecutive years, and its 3.8% hike in August has it on pace for fiscal 2016 to mark the 16th consecutive year with an increase.

2. AGT Food and Ingredients Inc.

AGT Food and Ingredients Inc. ([TSX:AGT](#)) is one of the world's largest suppliers of value-added pulses, staple foods, and food ingredients. Its product offerings include lentils, peas, beans, rice, pasta, wheat, and pulse ingredients, and it's the company behind brands such as AGT Foods, Arbel, Arbella, Clic, and Advance Seed.

Its stock currently trades at just 17.6 times fiscal 2016's estimated earnings per share of \$2.12 and only 13.5 times fiscal 2017's estimated earnings per share of \$2.77, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 21.1 and its five-year average price-to-

earnings multiple of 78.6.

Additionally, AGT pays a quarterly dividend of \$0.15 per share, or \$0.60 per share annually, which gives its stock a yield of about 1.6%. Investors should also note that the company has maintained its current annual dividend rate since 2012.

3. Loblaw Companies Limited

Loblaw Companies Limited ([TSX:L](#)) is Canada's largest owner and operator of grocery stores and pharmacies with more than 2,400 locations across the country. Its banners include Loblaw, Zehrs, Atlantic Superstore, Shoppers Drug Mart, Real Canadian Superstore, and Arz Fine Foods.

Its stock currently trades at just 18.2 times fiscal 2016's estimated earnings per share of \$3.87 and only 16.3 times fiscal 2017's estimated earnings per share of \$4.32, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 43.6 and its five-year average multiple of 161.8.

Additionally, Loblaw pays a quarterly dividend of \$0.26 per share, or \$1.04 per share annually, which gives its stock a yield of about 1.5%. Investors must also note that the company has raised its annual dividend payment for four consecutive years, and its two hikes since the start of 2015, including its 4% hike earlier this month, have it on pace for 2016 to mark the fifth consecutive year with an increase.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:SAP (Saputo Inc.)

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