3 Top Stocks That Are Screaming Value Buys

Description

Recent market weakness has been stressful — no question about it.

But in these stressful times, the key is to maintain your discipline. Stay away from highly valued stocks, as this new market environment is a more risk-averse one; opportunistically add attractively valued stocks that have good visibility.

Here are three stocks that are screaming value right now, and that investors should consider adding to their portfolios.

Metro (TSX:MRU)

Metro stock has declined 5% since its highs this summer, so it has held up extremely well.

This makes sense, as continued strong results and dividend increases have been typical of the company.

To illustrate my case, 2018 EPS was $0.63 versus $0.51 in the same period last year for an increase of 23.5%, buoyed by the Jean Coutu acquisition. The annual dividend was increased by 16% in 2017 to $0.65 per share and by 10.8% earlier this year to the current $0.72 per share.

Metro's P/E multiple has come down about one-and-a-half points to 16.7 times.

With an $11 billion market capitalization and a 1.67% dividend yield, Metro will likely remain a story of consistency, stability, and shareholder wealth creation.

Nuvista Energy (TSX:NVA)

Nuvista has gotten killed in the last year and is now down more than 44%. With a 60% natural gas weighting, we can easily see why.

But natural gas prices have been rising dramatically, so why isn't Nuvista stock?

I guess the answer lies in the market's long-term negative view of the commodity, but assuming they are wrong, Nuvista has big upside.

But for its part, Nuvista is expecting strong production growth of almost 20% this year.

And with its flexible balance sheet that has a reasonable level of debt (20% debt-to-total-capitalization ratio), the company is able to continue growing its production well into the future.

MTY Food Group (TSX:MTY)

MTY Group stock is a value stock because its multiples do not reflect the strong growth the company has seen or the strong returns in the business.

The stock has declined 9% since recent highs in a move that shows the stock's resilience against market weakness and that provides investors a chance to snatch up the stock at an even bigger bargain.

The company's continued acquisitions of new restaurant chains have driven an almost 200% increase in revenue in the last five years to $276 million in 2017, and a more than 200% increase in cash flows, driving increasing returns, while maintaining a healthy balance sheet.

In fact, in the last 15 or so years, MTY has successfully acquired and integrated more than 60 brands, while maintaining a healthy balance sheet and stock price, which has grown at a compound annual growth rate of 25%.

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2. TSX:MTY (MTY Food Group)
3. TSX:NVA (NuVista Energy Ltd.)

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