



My Top Stock to Buy in June

Description

James Watkins-Strand: Celestica

The shares of electronics manufacturer **Celestica** ([TSX:CLS](#))([NYSE:CLS](#)) have been under pressure since fall of 2018, as its capital equipment segment has felt the impact of cyclical decreases in demand. Further, the company's strategic review of its communications segment will include restructuring, likely incurring costs and hitting revenue.

Looking forward, however, Celestica's current struggles will serve to position it for greater efficiency and profitability. While cost-saving charges may continue to accrue over the course of 2019, these actions will improve margins in the long term.

Looking at the company's results from the first quarter, the most exciting figure is likely the 5.1 million-share buyback. In one quarter alone, Celestica repurchased and cancelled roughly 4% of its outstanding shares, while capitalizing on weakness in its stock price.

Today, Celestica's stock is the cheapest that it has been since 2013. Moreover, it trades at only about five times earnings and a little over half of its book value.

Celestica is my top stock for June because it flies in the face of current market trends that overvalue unprofitable tech stocks, seeing as the company is an undervalued and profitable tech stock. I believe that there is a great opportunity here for long-term investors with a decent tolerance for risk.

Fool contributor James Watkins-Strand has no position Celestica Inc.

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2. Top TSX Stocks

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