3 Amazing Value Stocks for 2020

Description

Hi there, Fools. I'm back to highlight a few stocks with P/E ratios below 15. As a quick reminder, I do this because stocks with low P/Es

- provide a wider margin of safety than those with high P/Es;
- tend to come from stable and established industries; and
- generally outperform the market over a long period of time.

While it's not a perfect measure, the P/E ratio remains one of the most important tools to gauge attractive value opportunities.

So, if you're looking to build wealth in 2020 while limiting your downside, this is a good place to start.

Green machine

Leading things off is financial services gorilla **Toronto-Dominion Bank** (TSX:TD), which currently trades at a cheapish P/E of 12.

TD shares tumbled last week after posting disappointing quarterly results, but they might now be too cheap to pass up. In the most recent quarter, EPS of $1.59 missed expectations by $0.15, even as revenue improved 2% to $10.34 billion.

On the bullish side, TD's capital ratios remain solid, while growth at its U.S. segment remains relatively attractive — during the quarter, U.S. retail income improved 7%.

"As we enter 2020, we remain focused on our long-term strategy and are proud of the businesses we continue to build," said CEO Bharat Masrani.

TD shares now offer a juicy dividend yield of 4%.

Fertile environment

With a paltry P/E of seven, fertilizer giant **Nutrien** (TSX:NTR)(NYSE:NTR) is next up on our list.

Weak fertilizer demand and economic softness have weighed on the stock, providing value hounds with a possible buying opportunity. In the most recent quarter, EPS of $0.24 missed expectations by $0.18 on revenue of $4.1 billion.

On the bright side, management believes the fertilizer downturn is temporary in nature.

"Nutrien's third-quarter results and fourth-quarter expectations are impacted by short term market softness," said CEO Chuck Magro. "However, we believe that agriculture fundamentals are starting to strengthen and we expect 2020 to be a strong year for crop input demand for which we are well positioned to benefit."

Nutrien shares currently offer an attractive yield of 3.9%.

Auto purchase

Rounding out our list is auto parts giant **Magna International** (TSX:MG)(NYSE:MGA), which currently trades at a P/E of only 10.

The stock has been volatile over the past year on trade concerns and economic worries, but Magna has decent operating momentum heading into 2020. In the most recent quarter, EPS of $1.41 topped estimates by $0.07 on revenue of $9.3 billion.

More importantly, Magna returned $451 million to shareholders during the quarter in the form of hefty buybacks and dividends. And looking ahead, management expects free cash flow to remain strong.

"All things considered, our third quarter earnings were relatively in line with our expectations," said CFO Vince Galifi. "Importantly, our expectations for free cash flow of $1.9-$2.1 billion for this year are unchanged."

Magna currently offers a solid dividend yield of 2.7%.

The bottom line

There you have it, Fools: three value stocks worth checking out.

As always, they aren't formal recommendations. They're simply a starting point for more research. It's easy to fall into "value traps" when you're out hunting for bargains, so extra caution is required.

Fool on.

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1. Bank Stocks

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2. NYSE:NTR (Nutrien)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:MG (Magna International Inc.)
5. TSX:NTR (Nutrien)
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Date
2025/08/24
Date Created
2019/12/10
Author
bpacampara