Canadians: These 3 TSX Stocks Are Undervalued After the Market Crash

Description

The last week of February 2020 saw a significant sell-off in the broader markets. While investors around the globe are worried about the dreaded coronavirus, this market correction presents an opportunity to buy stocks at reasonable valuations.

Here we look at three Canadian stocks that seem undervalued right now.

Thomson Reuters

Shares of **Thomson Reuters** (TSX:TRI)(NYSE:TRI) are trading at $104.93, which is 5% below its 52-week high. In the last 12 months, the stock has gained over 40% easily outperforming the broader markets.

However, given the company's growth metrics, Thomson Reuters is still trading at an attractive valuation and has significant upside potential for long-term investors. Analysts expect the company to increase sales by 4.8% in 2020 and 4.4% in 2021.

Comparatively, its earnings are estimated to increase by 49.6% in 2020 and 11.4% in 2021. Over the next five years, the company's earnings growth has been pegged at an annual rate of 32%. Considering a forward dividend yield of 2%, Thomson Reuters's price-to-earnings multiple of 48.8 seems reasonable.

The company is set to benefit from recurring revenue streams, high switching costs, and a stable news business. Its business is fairly recession-proof making the stock a top bet for investors in 2020 and beyond.

TFI International

TFI International (TSX:TFII)(NYSE:TFII) is a transport and logistics service provider in North America. It generates about 55% of sales from Canada and 45% of sales from the United States.

In the last five years, company shares have gained 50%. The stock is down 1% in the last year compared to the S&P 500 gains of 7.7%. TFI shares are trading at $40.62 which is 16% below the 52-week high.

Analysts expect TFI to increase sales by 0.7% in 2020 and 0.6% in 2021. However, it is estimated to increase earnings at an annual rate of 18.8% over the next five years. The stock has a forward price-to-earnings multiple of 9.1 and a dividend yield of 2.6%, making it one of the cheapest stocks to trade on the TSX.

TFI has a five-year estimated PEG ratio of 0.54 and a price-to-sales ratio of 0.69. Analysts tracking TFI have a 12-month average target price of $55 which is 35% above the current trading price.

Canada Goose

Shares of **Canada Goose** (TSX:GOOS)(NYSE:GOOS) have declined rapidly over the last 15 months. The stock has lost over 60% in market value since touching a record high in November 2018.

The sell-off in 2019 was triggered by valuation concerns and a conservative outlook by the company management. In 2020, Canada Goose has been severely impacted by the coronavirus in China and other Asian markets.

Canada Goose has a huge market presence in China, and it has already reduced revenue estimates for fiscal 2020. According to analyst forecast, Canada Goose revenue might decline by a massive 14.4% in the March quarter.

As of now, the company is forecast to increase sales by 14.4% in 2020 and 22% in 2021. However, these estimates might very well be revised lower in case the virus threat continues to impact consumer demand.

This is a short-term headwind, which suggests that Canada Goose’s forward price-to-earnings multiple of 20 is attractive considering its growth metrics.

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