



1 Under-the-Radar TSX Stock With Major Value

Description

Under-the-radar stocks present some of the best opportunities for long-term investments — whether it's during a bull run and all the big-name companies are getting all the headlines, or during a bear market where investors are looking to buy core businesses. Oftentimes, these lesser-known companies can trade at major bargains.

It's still important to own high-quality, blue-chip stocks as a core part of your portfolio. However, owning smaller companies that are just as reliable and trade at even more of a discount are great stocks to complement those core businesses.

One under-the-radar stock that has been quietly becoming one of the cheapest stocks on the TSX is **Andrew Peller** ([TSX:ADW.A](#)).

Falling stock

Like almost every other company on the TSX, the stock has been heavily sold during the recent panic. It was already trading at an attractive share price though, giving it even more value today.

As of last Friday's close, the stock is down 28% in the last month. That means investors can now gain exposure for extremely cheap.

Andrew Peller's enterprise value — the total value investors pay for the company and its assets today — is down to just over \$500 million, and its market cap is now under \$350 million.

These are extremely cheap numbers given the company's strong operations and solid financials.

Strong operations

The number one reason why Andrew Peller is such a great investment is due to the company's solid operations. The company has been around for more than 50 years, perfecting its craft.

The length of its experience gives it the ability to make lower-priced products as well as premium and ultra-premium wine. This way, the company can serve all segments of the wine industry across the country.

Another attractive feature of its operations is the strong integration the company has between production and the more than 100 retail stores it has in Ontario. The integration gives the company better margins and improves its overall operations.

The company has also looked to other products to continue to grow its business. With the introduction of its successful ciders and liqueurs, Andrew Peller has proven that its experience in the alcohol industry gives it a major advantage when expanding to new segments.

These small and subtle improvements to its business combine to go a long way and really improve the strength of its operations. It also helps the company to continue to grow its sales in addition to growing its market share in the Canada.

Looking at the numbers, it's evident that Andrew Peller is growing at a fair pace. More importantly, however, it has grown at a consistent pace. So, for investors, over the long term, the stock should follow suit.

Impressive numbers

Over the last five years, Andrew Peller has grown its earnings before interest, taxes, depreciation, and amortization from \$35 million to \$56 million. That's a 37.5% increase in five years, or a compounded annual growth rate of 9.9%.

The company's net income has stayed consistent as well. Since 2012, it has earned return on equity between 10% to 15%. Plus, over the last five years, the company has an average return on equity of 12.9%.

The continuous increases to its dividend make Andrew Peller a top [dividend-growth](#) stock. The company has increased the dividend each year since 2017. Furthermore, investors can expect to see continued increases, as the company expands operations.

At current prices, the dividend yields roughly 2.75% and pays out just over a third of its earnings.

Bottom line

Andrew Peller remains under the radar for now, but it's quickly becoming one of the most attractive on the TSX. Its high-quality and integrated operations coupled with its strong management make it one of the best in Canada.

Plus, at current prices, it has tremendous value, making it one of the best stocks to buy today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ADW.A (Andrew Peller Limited)

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1. Business Insider
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