



2 Top Undervalued Stocks to Buy for 2021

Description

When it comes to investing in the stock market, investors are always on the lookout for companies that are attractively priced. Over the years, value stocks have performed exceedingly well and created long-term wealth for investors. We'll look at two such stocks on the TSX that are undervalued and could gain momentum in 2021.

Quarterhill

The first company on the list is **Quarterhill** ([TSX:QTRH](#)), a company that acquires and manages technology companies. Its technology licensing segment includes patents for 3D television, medical stent, intelligent personal assistant, semiconductor manufacturing and packaging, as well as enhanced image processing, video streaming, and many others.

Quarterhill is valued at a market cap of \$300 million, indicating a price-to-book value of just 1.01. The stock's forward price-to-earnings multiple is also low at 10.9 given its estimated five-year earnings growth of 20%.

However, while its [sales are forecast to rise by](#) 10.8% to \$162.5 million, analysts forecast a top-line decline of 16.7% in 2021. Analysts also have a 12-month average target price of \$2.88 for the stock, indicating an upside potential of over 10%.

Quarterhill will continue to pursue acquisition opportunities at reasonable valuations in the verticalized software and intelligent industrial systems segments. It remains focused on building a robust technology business that produces recurring revenue, free cash flow, and potential for profitable growth. Its disciplined acquisition strategy aims to increase shareholder wealth and benefit from the consolidation of trends in the technology industry.

AltaGas

Another undervalued stock that should be on your radar is **AltaGas** ([TSX:ALA](#)), a diversified energy

infrastructure company. AltaGas has three primary business segments that include utilities, midstream, and power. Its utilities segment owns and operates regulated natural gas distribution facilities as well as two regulated natural gas storage facilities.

The midstream business engages in natural gas processing, NGL (natural gas liquids) extraction, transmission, and storage, as well as gas retail marketing activities. AltaGas owns 1.4 billion cubic feet per day of natural gas-processing capacity and services residential, commercial, and industrial customers in Canada. The power business is involved in the generation and sale of electricity.

AltaGas is valued at a market cap of \$5.25 billion indicating a forward price-to-sales multiple of 0.96 and a price-to-book multiple of 0.82. Investors can also derive a stable stream of recurring income given the company's dividend yield of a tasty 5.3%.

Analysts covering the stock expect company earnings to grow at an annual rate of 13% in the next five years, making it extremely attractive given its forward price-to-earnings ratio of 14.4.

AltaGas is a low-risk utility and midstream company that generates robust cash flows, allowing it to increase dividends by 4% this year. It is likely to benefit from expanding its rate base in the utility business. Further, momentum in midstream operations and a contractual-based business model should support higher dividend payments in the future as well.

In 2021, AltaGas [expects to increase EBITDA](#) by 12% and adjusted earnings to increase by 21% year over year.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:QTRH (Quarterhill Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

Date

2025/08/17

Date Created

2020/12/30

Author

araghunath

default watermark

default watermark