



This 1 Undervalued Stock Could Soar by Friday

Description

It's still a great time to find undervalued stocks on today's market. And of all the undervalued stocks out there, I'd have to say that **Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)) is my favourite.

Motley Fool investors looking for a long-term stock for a steal should definitely dig into this stock. I'll outline just some of the reasons and the major moves the company has been making lately that could see shares go sky high by this Friday!

Spending spree

There have been a lot of companies going on spending sprees lately, but Brookfield Business takes the cake. The company recently made several deals in the last *week*, each with multi-*billion*-dollar price tags.

Just over a week ago, the real estate service provider acquired U.K.-based Modulaire Group for \$5 billion. The infrastructure services company should be added to the portfolio by the fourth quarter. This deal alone was one of the largest private equity deals in Europe this year. The purchase signalled the company's intent to expand its buyout investments in Europe, adding to the company's \$125 billion European profile.

This deal alone makes this stock one of the top undervalued stocks of the year. Modulaire deals with renting for work and living, as well as portable storage. This is perfect in the post-pandemic world where businesses are seeking to cut costs from long-term workspace contracts. It recently reported a 27% increase in revenue, with EBTIDA rising 44% year over year.

More to add

But it wasn't done there. On Monday, Brookfield Business announced another acquisition, this time of DexKo Global for \$3.4 billion. The trailer running gear and chassis assemblies company has over 130 years of experience in trailer and caravan components. The company has been on a spending spree of

its own under KPS Credit management, making 15 acquisitions in just four years. The company saw an increase in automation, reduction in manufacturing complexity, and the enhancement of DexKo's procurement process. This led to profits *doubling*, with even more free cash flow.

Brookfield is making the buy as a strategy for "seeing value where others do not" for a long-term hold. So, even though the company has been doing so well, it's still undervalued, in Brookfield Business's opinion. And thus, that makes Brookfield one of the top undervalued stocks as well. Next, let's look at how the company has proven this time and again in the last few years.

Growth on growth

While Brookfield has a stable price-to-earnings (P/E) ratio of 27 as of writing, it's still considered one of the top undervalued stocks. As a business that buys businesses, it's proven time and again to get it right. As of the [last quarter](#), net income rose to US\$530 million compared to a loss of US\$126 million in the prior year.

And the company has a solid growth pattern. It acquires businesses that essentially pay for themselves as already established cash cows, and then it continues to collect cash or sells for a premium down the line. It then uses that cash to buy even more solid growth opportunities. Yet it's still an undervalued stock that is a strong buy, according to analysts.

Shares have climbed 37% in the last year alone and 78% since coming on the market about five years ago. And while its P/E is average, its price-to-sales is a steal at 0.2, and its book value is at 3.2! The stock could continue to grow, as more analysis is done on this recent purchase. By Friday, I'd expect the stock to have soared by a similar rate it did after the Modulaire purchase. Shares climbed by 10% in that time, so expect [similar growth](#) yet again.

Bottom line

Although Brookfield Business is still relatively new, it has a solid buy-and-sell strategy that investors can latch onto. Motley Fool investors can pick it up with a compound annual growth rate of 19% to look forward to and further major purchases that will set its position as a major growth stock for decades. That's why this is one of the top undervalued stocks for Motley Fool investors to buy today.

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Date

2025/09/30

Date Created

2021/07/06

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