



## The 3 Best Undervalued Stocks to Buy on the TSX Today

### Description

There are a lot of factors for Motley Fool investors to consider when searching for the best-undervalued stocks. The **TSX** today is full of options, but with the economic recovery, it can be hard to [figure out](#) which stocks are the best buy right now. So today we're going to take a look at what exactly makes a stock undervalued, and three of the best-undervalued stocks I would consider right now.

### What makes a stock undervalued?

Broadly speaking, an undervalued stock is one that trades below its fair market value. But that's easier said than identified. In today's market, there some of the best-undervalued stocks are hard to nail down when it comes to fair value. In a lot of cases, the market is merely subjective about what makes a stock valuable or fairly valued.

But there are a few ways to identify value. There's the earnings per share (EPS) method, which helps Motley Fool investors identify company profit. The more earnings a company makes per share, the more valuable it is. Then there's the price-to-earnings (P/E) ratio to consider, which can tell us how expensive a stock is compared to the earnings it produces. In this case, a score under 15 is considered undervalued. And a great way to compare to other companies is by using the earnings value over EBITDA, which helps calculate value based on how peers perform.

Now you don't have to choose all three. A company can still be considered one of the best-undervalued stocks on the TSX today if it hits even just one of these points! So let's look at some options.

### Going cheap

One of the best-undervalued stocks to consider based on its P/E ratio is **Bombardier** ([TSX:BBD.B](#)). Bombardier stock has an insane P/E ratio of 0.77 as of writing! That makes it incredibly valuable. The company of course hasn't done well in the [past few years](#), but there is a bonus for Motley Fool investors today. Before the market crash, Bombardier stock was struggling. So it already had to go

through the cost-cutting that its peers in the airline industry already went through.

Now that it already has government bailouts and a great cost-cutting structure, it's focused on its cash cow: jet airlines. Shares of the company have increased 304% year to date and have continued to rise, 13% in the last month! Best of all, it's an incredibly cheap stock at just \$1.95 per share. So it's one of the best-undervalued stocks to buy even just a small stake to see where it goes.

## Go for gold

The gold star that hits all these boxes is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Enbridge stock recently received an analyst upgrade after making a US\$3 billion acquisition of Moda Midstream Operating LLC. The deal should provide over "\$1 billion of accretive future organic growth potential." It's just what Enbridge stock needed to give it a boost, though it was already one of the best-undervalued stocks on the TSX today.

Its P/E ratio is just shy of undervalued at 17, but it has a solid EPS of \$3.00 as of writing, and a strong EV/EBITDA of 14.72. So again, here we're best to look at the EPS to give this stock an undervalued star. But overall, it's a strong company that's proving it can continue making strong acquisitions to stay on top of the TSX today. Shares of Enbridge stock are up 30% year to date and it offers a solid dividend yield of 6.61%!

## Potentially undervalued

Now last, but certainly not least, we have to look at **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). On the one hand, Lightspeed stock is not a traditionally undervalued stock. But I'd still argue it's one of the best-undervalued stocks based on future growth potential. Right now, there is one thing weighing down its numbers: major acquisitions. But these acquisitions have given it a major boost in revenue in the short term and have made it a global leader in e-commerce.

So yes, it has a negative P/E ratio, a negative EPS of -\$1.68, and a negative EV/EBITDA of -205.41. Not great. But all this is based on these billions in investments Lightspeed stock has made. Shares are up 68% year to date, 24% in the last month, and 245% in the last year! So Lightspeed stock is still one to consider for [major growth](#).

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### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BBD.B (Bombardier)
4. TSX:ENB (Enbridge Inc.)
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