



2 Top Value Stocks to Buy in February 2022

Description

Everyone seeks more for less, and value stocks can certainly offer that.

For over a decade, growth stocks have generated most of the returns for Wall Street and the average retail investor. However, it is actually value stocks that have outperformed their growth counterparts over the longer run. As value stocks are time-tested and profitable, in times of economic discomfort, that's where capital tends to flow.

Those [looking for value](#) in the Canadian market have come to the right place. Here are two top value stocks to consider right now.

Top value stocks: TFI International

TFI International ([TSX:TFII](#))([NYSE:TFII](#)) is one of the biggest trucking organizations in North America. This company specializes in truckload, package and courier, less-than-truckload, and logistics & "last mile" services across Mexico, the United States, and Canada.

Over the past five years, the organization has struggled to raise its top line, growing its revenue at a 5.6% annual clip. Despite this, TFI has found ways of becoming more efficient. The trucking company has boosted its bottom line, growing its earnings at a compounded rate of 21.5% annually.

For those seeking truly sustainable long-term results, this is the kind of company to look at.

TFI International migrated towards an "asset-light" model while operating a cyclical business. This has enabled the company to earn greater returns on shareholder equity compared to its peers over this previous cycle.

TFI is an active and capable consolidator of the fragmented trucking industry. Since 2008, it has completed 98 acquisitions, driving a 16% compound growth rate in earnings per share over the decade. Despite this rapid growth, TFI currently trades at less than [17 times earnings](#) at the time of writing. That's certainly in value stock territory relative to the overall market.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the biggest mining company in Canada and features among the world's largest agri-businesses. This company has integrated its wholesale potash, phosphates, and nitrogen businesses with a downstream retail farm supply network.

NTR stock was a top-notch performer in 2021. As of last week, this stock was up 55.3% over the course of last year, beating the S&P/TSX Composite Index by 33.6 percentage points! And I believe this rally can continue this year as well.

Several factors have led to an immensely tight fertilizer market environment with strong pricing. The reliable, long life and low-cost mines of Nutrien are well placed to meet future demand. Additionally, consensus forecasts for Nutrien's earnings are for a four-fold increase over 2019 levels.

Nutrien has been expanding its retail network through an array of small acquisitions that are both within their traditional North American stronghold as well as in South America and Australia. This lowers the seasonality-related volatility of the northern hemisphere harvest/planting cycle and the commodity cyclicity of the business.

The two predecessor organizations that went into a merger to form Nutrien in 2018 traded at 2.9 and 2.4 times book value on average through the cycle. Nutrien presently commands a multiple of only 1.7 times book value. This illustrates the major re-rating potential in the shares. Long-term value investors seeking a top-tier commodities stock ought to consider Nutrien right now.

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3. TSX:NTR (Nutrien)
4. TSX:TFII (TFI International)

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