



3 Remarkably Cheap Canadian Stocks to Buy Today

Description

So far, it looks like February will be just as topsy-turvy for Canadian stocks as January was. Economic and political issues like inflation, rising interest rates, supply chain issues, and European geopolitical concerns continue to plague the market. However, I can't remember a time when the market was not worried about something.

The stock market is a risk-weighting machine. Yet, despite this, over the long run, it consistently goes up more than it goes down. [The key to investing](#) through volatile times is to own high-quality companies with low default risk (i.e., good balance sheets), long tailwinds of growth, great managers, competitive advantages, and an [undervalued stock price](#).

Hold these types of businesses (not just stocks to be traded) for long periods of time, and your chances of investment success increase significantly. Three diverse Canadian stocks that look like attractive buys in February are **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)), **Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)), and **Cargojet** ([TSX:CJT](#)).

Canadian Pacific Railway stock

Canadian Pacific Railway stock is down 5% over the past month after delivering mixed earnings results in late January. Its business was affected by lower-than-normal grain volumes and operational disruptions from the British Columbia floods. Likewise, the company incurred higher-than-average costs related to the acquisition of Kansas City Southern Railway.

However, the recent dip presents an attractive opportunity. CP Rail is one of the best-run railroads in North America. Over the years, its stock has significantly outperformed **Canadian National Railway** simply because it has been more efficient and produced more consistent earnings.

While the company is taking on a significant amount of debt to acquire KCS, it is a once-in-a-lifetime opportunity. CP will be the first North American railroad to connect Mexico, the United States, and Canada on a single rail line. If approved by regulators, the acquisition would provide ample forward growth levers for CP. For a well-managed business with a great competitive moat, CP is a great

anchor stock to hold in any portfolio.

Brookfield Business Partners: A top Canadian conglomerate stock

Brookfield Business Partners is probably the least talked about member of the Brookfield family. It is Brookfield's private equity arm. The company has focused on acquiring large industrial, financial, and infrastructure-focused businesses with strong moats or competitive advantages. Often these are undermanaged or undervalued.

BBU is able to utilize its management expertise to turn these into high cash flow-yielding entities. It just announced very strong [year-end 2021 results](#). The company saw 20% organic growth and adjusted EBITDA increased 27% to \$1.76 billion for the year.

Despite, this Canadian stock only trades with an enterprise value-to-EBITDA (EV/EBITDA) ratio of six times and a price-to-earnings ratio of 11.5. This is a cheap stock with a strong balance sheet and a great portfolio of enduring business assets.

Cargojet stock

Another attractive Canadian stock for February is Cargojet. Pandemic lockdowns in early 2020 led many consumers and businesses to resort to e-commerce. That was a massive tailwind for Cargojet that led to record-breaking results. After a very strong performance in 2020, its stock has pulled back nearly 17%.

Despite difficult comparable results in 2021, the company continues to perform well. It has a dominant competitive position in the Canadian overnight air freight market. Likewise, excess cash flow from 2020 has been invested into a new fleet of planes that should help expand its international presence.

That could be a new major growth opportunity for this Canadian stock. Today, this is one of the cheapest transportation stocks (14 times EV/ EBITDA) you can find in Canada. That makes it an attractive buying opportunity right now.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BBU (Brookfield Business Partners L.P.)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:BBU.UN (Brookfield Business Partners)
4. TSX:CJT (Cargojet Inc.)
5. TSX:CP (Canadian Pacific Railway)

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