



3 Undervalued TSX Stocks to Buy in July

Description

The last three months have been brutal for the stock markets. However, it also gives a great opportunity for smart investors to pick up quality companies at a much lower multiple. With that as the underlying principle, here are three [undervalued stocks](#) trading on the TSX you can buy right now.

Northland Power

If you believe renewable energy is a sure-shot, long-term bet, **Northland Power** ([TSX:NPI](#)) is the way to go. The energy situation is extremely fragile globally, and governments are trying to ensure that they have as little dependency on other countries for their energy needs.

It's a great opportunity for independent and diversified energy producers like Northland, which operates plants in North America, Europe, Latin America, and Asia.

Northland currently has three gigawatts (GW) of operating generating capacity, and over 14 GWs of energy is in the production pipeline. Its financials are in good shape, too. The company reported a net income of \$288 million in Q1 — an increase of 90% compared to the year-ago period.

Shares of Northland Power are up 3% in the first six months of 2022, easily outpacing the broader markets, which are trading in the red. It also offers investors a forward dividend yield of 3.13%.

NPI is forecast to double its adjusted earnings in 2022, and the stock is trading at a discount of 21% compared to consensus price target estimates.

Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)) is a tech company that provides enterprise solutions to clients across the globe. The stock has fallen over 38% in 2022, and its numbers for the second quarter of fiscal 2022, which ended April 30, are nothing to write home about. In fact, the company's returns for the last five years are just 8.55%.

Enghouse ended Q2 with a cash balance of \$231 million, which can be used to acquire companies and expand its top line going forward. Last month, Enghouse announced it completed the acquisition of Competella AB, a software-as-a-service and on-premise contact centre based in Sweden.

While analysts expect Enghouse sales to fall by 6.8% to \$435.6 million in fiscal 2022, its revenue might increase by 5.8% to \$461 million in fiscal 2023. ENGH stock is valued at 20 times forward sales, which is quite reasonable for a tech company.

Shares of Enghouse are trading at a discount of 33% compared to analyst price target estimates. After accounting for its dividend yield of 2.6%, annual returns may be closer to 36%.

Calian Group

Calian Group ([TSX:CGY](#)) is a diverse company with interests in healthcare, communications, learning, and cybersecurity solutions. While Calian increased sales by 3% year over year in Q1, it estimates revenue and earnings to grow by 20% in 2022.

In the last five years, Calian has generated annual returns of almost 18% for investors. Despite these outsized gains, CGY stock is valued at less than two times sales and a price-to-earnings multiple of 15.6.

Shares of Calian Group are up 3% in 2022 and are trading at a discount of 32% to consensus price target estimates.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CGY (Calian Group Ltd.)
2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:NPI (Northland Power Inc.)

PARTNER-FEEDS

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

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/09/22

Date Created

2022/07/04

Author

araghunath

default watermark

default watermark