



Canadian Value Investors: 3 Ridiculously Cheap Stocks to Buy Right Now

Description

Equity markets remain under pressure due to red-hot inflation rates. In order to offset higher commodity prices, central banks are hiking interest rates which should lead to lower consumer spending and a contraction in corporate earnings.

These factors have driven the **S&P 500** lower by more than 15% in 2022, and there may be more pain ahead for investors if recession fears come true. On a brighter note, this means that there are several **TSX** stocks available at a discount. Here are three [undervalued dividend stocks](#) that Canadian value investors can buy now at a lower multiple.

Restaurant Brands International

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) owns four hugely popular quick-service chains including Tim Hortons, Burger King, Popeye's, and Firehouse Subs. Trading 22% below all-time highs, QSR stock is valued at \$35 billion by market cap.

The company has a presence in more than 100 countries with 29,000 locations, and reported sales of \$6.13 billion in the last four quarters. In Q2 of 2022, QSR reported revenue of \$1.6 billion, an increase of 14% year-over-year, while its net income stood at \$346 million.

QSR stock is valued at 22 times forward earnings which is reasonable considering analysts forecast the bottom line to expand by 27.5% annually in the next five years. Further, it offers investors a forward yield of 3.6%, and the company's dividend payouts have increased by 22% annually in the last five years.

Savaria

Like many other companies, **Savaria** ([TSX:SIS](#)) has endured a difficult period since the onset of COVID-19. In the last two years, Savaria has been impacted by soaring freight costs, supply chain disruptions, and labour shortages. Through all of this, the company has effectively navigated a tough

environment, increasing sales from \$286 million in 2018 to \$661 million in 2021.

An established player in the accessibility industry, Savaria designs, manufactures, distributes, and installs accessibility equipment. The company acquired Handicare Group last March, unlocking opportunities in several international markets while gaining access to an industry-leading stairlift product line.

Savaria aims to touch \$1 billion in annual sales by 2025 and is currently valued at \$875 million by [market cap](#). It's trading at 22.6 times forward earnings, and analysts forecast earnings to increase by 62% in 2022 and by 40% in 2023.

Its annual dividends stand at \$0.50 per share, indicating a healthy yield of 3.7%. These payouts have increased by 7% annually in the last five years.

Exchange Income Fund

The final undervalued Canadian stock on my list is **Exchange Income Fund** ([TSX:EIF](#)), a company engaged in the aviation and equipment services business. In the last ten years, Exchange Income has returned around 250% to investors after adjusting for dividends.

Well-diversified cash flows allow Exchange Income to withstand market downturns because its subsidiaries have a presence across geographies. Armed with a strong balance sheet, Exchange Income pays investors a dividend of \$2.40 per share. And the company has increased dividends 15 times since 2004. In the last five years alone, these payouts have risen by 4% annually.

Exchange Income is valued at 14 times forward earnings, and its profit margins are forecast to grow 45% in 2022 and 37% in 2023. This TSX stock is currently trading at a discount of 35% compared to consensus price target estimates, making it a great time to buy now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:EIF (Exchange Income Corporation)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SIS (Savaria Corporation)

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