



## 3 Great Foreign Companies to Invest in Right Now

### Description

Many Canadian stocks appear cheap following the 2022 [bear market](#); however, Canadian investors should not limit themselves to domestic stocks. Due to a lack of familiarity among investors and geopolitical turmoil abroad, even some of the world's greatest, most competitively advantaged foreign companies trade at bargain-basement valuations today.

On that note, the following three foreign companies all appear to be fantastic buys right now.

### TotalEnergies

**TotalEnergies** ([NYSE:TTE](#)) is a high-yielding gem with a dividend yield of 4.6%.

This yield is also supported by a strong, diverse portfolio that includes not only integrated oil and gas upstream, midstream, and downstream operations but also a growing renewables portfolio in solar and wind.

This year, the company will invest 25% of its capital budget in “decarbonized” technologies.

After Russia's invasion of Ukraine and subsequent European sanctions on Russia, which took away those competitive oil and gas products, the LNG and refining industries saw their profits skyrocket. Over the last year, the company's return on average capital employed was an impressive 27.2%, allowing it to add more renewables, pay out the special dividend, repurchase stock, and de-lever its balance sheet.

That last part is especially noteworthy, as Total's net debt as of September 30 was only about \$5 billion, down from \$24 billion the previous year.

Total stock trades at only 7.2 times earnings. It is a low-cost [energy stock](#) that Canadian investors should consider as part of their energy sector allocation.

## Farfetch

**Farfetch** (NYSE:FTCH) stock fell 86% in 2022. Even after a nice bounce to begin 2023, it still appears to be vastly undervalued.

Farfetch is the world's leading luxury e-commerce marketplace, and it also powers many brands' direct-to-consumer websites. Farfetch also owns the New Guards platform, which nurtures emerging luxury brands, as well as some brands outright.

At its Capital Markets Day on December 1, the company forecasted solid growth and profit numbers through 2025, but given the numerous headwinds, those forecasts were likely conservative, which disappointed some investors.

Despite a nice rebound from its lows, Farfetch still trades at a loss. This is for a company that should grow at least 20% per year for the next several years, with increasing profitability. Although management's 10% adjusted earnings before interest, taxes, depreciation, and amortization margin forecast for 2025 may have disappointed some, given the size of the luxury market and Farfetch's competitive position, Farfetch will not be finished growing and scaling by then.

The luxury industry is a resilient industry with pricing power and high margins, and Farfetch is one of the best foreign companies to invest in this sector. Farfetch looks well positioned to capture a large portion of this market in the long term, and its stock looks very cheap after a disastrous 2022.

## MercadoLibre

While the debate over whether Argentina-based **MercadoLibre** ([NASDAQ:MELI](#)) is an e-commerce platform or a fintech firm rages on, its fledgling advertising business thrives in the shadows of its core segments. With gross merchandise volume (GMV) and total payment volume increasing by 32% and 76%, respectively, in the third quarter compared to the previous year, it is understandable why its advertising business may have gone unnoticed.

MercadoLibre's advertising unit, however, now has a 1.3% penetration rate across its GMV, with management planning to hire more engineers in the coming quarters. While this 1.3% may appear low, Chief Financial Officer Pedro Arnt believes the advertising segment has earnings before interest and taxes (EBIT) margins of 75-80%.

With MercadoLibre's GMV of approximately \$8.6 billion in the third quarter, the developing unit accounted for more than one-fourth of the company's total EBIT during the quarter.

MercadoLibre's EBIT looks set to rise further, as the younger business line expands, thanks to these high-margin ad sales. The market may have recognized this potential, as its stock price has almost doubled from its 52-week lows.

### CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:MELI (Mercadolibre Inc.)
2. NYSE:TTE (TotalEnergies)
3. OTC:FTCH.F (Farfetch)

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