3 Value Stocks That Could Richly Reward Long-Term Investors in 2023

Description

The TSX has a wide selection of value stocks this month. Three stocks from different sectors are screaming buys that could richly reward long-term investors.

Unstoppable growth

Verde AgriTech (TSX:NPK) is a multi-bagger, given the 1,666.23% total return in three years. While the growth stock is up 37.4% year to date ($6.80 per share), it could still rise exponentially. Market analysts are bullish and have a 12-month average price target of $15.35, or a return potential of 125.7% in one year.

The $357.63 million agri-tech company is fully integrated and produces potash fertilizers. Verde is also a dominant potash producer by capacity in Brazil. In the third quarter (Q3) of 2022 alone, revenue and net profit climbed 156% and 103% year over year to $27.27 million and $6.45 million.

Its founder, president and chief executive officer (CEO) Cristiano Veloso, said, “The growth experienced throughout Q3 2022 reflects yet again the market’s growing demand for our product.” He expects the growth trajectory to continue and improve the bottom line significantly.

Dividend-paying, small-cap stock

InPlay Oil (TSX:IPO) is a $230.07 million resource-based oil and gas company with a long growth runway. In 3.01 years, the total return of this dividend-paying, small-cap stock is 354%, a compound annual growth rate (CAGR) of 65.43%. It trades at only $2.64 per share (-12.4% year to date), although market analysts covering IPO recommend a buy rating. Their 12-month average price target is $6.48 (+145.5%).

The long-lived, low-decline properties with drilling development and enhanced oil recovery potential are InPlay’s competitive advantages. In the first three quarters of 2022, revenue increased 118.9% to $152.41 million versus the same period in 2021. However, comprehensive income rose only 5.5% year over year to $63.16 million.

On February 1, 2023, investors received some good news. The board of directors approved and declared a monthly cash dividend ($0.015 per common share). Because of the record-setting financial and operational performance in 2022, Inplay starts the year with a solid financial position. Management said it could deliver sustainable shareholder returns through the base dividend and share-buyback initiatives.

Outperforming tech stock

Celestica (TSX:CLS) has the makings of a high-growth stock following the strong financial results in 2022, notwithstanding a challenging environment. This tech stock also outperforms the broader market year to date at +19.3% versus +6.42%. The current share price of $18.20 doesn't reflect its growth potential.

The $2.22 billion company operates in the electronic components industry and provides hardware platform and supply chain solutions. Its customer base across various sectors comes from North America, Europe, and Asia. The revenue generators are two business segments: Advanced Technology Solutions and Connectivity & Cloud Solutions.

Celestica's end-to-end product lifecycle solutions enable clients to optimize their supply chains and overcome market challenges. Among its focus is the healthcare space, where it partners with medical device companies.

Its president and CEO Rob Mionis said, "Celestica finished with a strong fourth quarter and had an outstanding 2022. Our ability to successfully execute our long-term strategy has allowed us to win in markets where we see an opportunity for long-term, profitable growth." The net earnings of US$103.9 million were 28.6% lower than a year ago.

Undervalued stocks

Agri Verde, InPlay, and Celestica are among the undervalued stocks today. The current share prices are way below their inherent or actual values.

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