



## These 2 Stocks Are Ridiculously Cheap

### Description

Bargain-hunters: take note.

No, we aren't going to be looking through an abandoned storage unit for someone's discarded jewelry or an antique piece of furniture.

We're looking at two ridiculously cheap stocks that can help make us a lot of money.

**Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX)

This one's a story of "from the outhouse to the penthouse, and back to the outhouse again."

At the start of 2010, VRX shares traded in the low teens. That was, until management went on a buying spree of historical proportions to acquire drug company after drug company, racking up an immense debt load and shunning investments in research and development along the way.

What resulted was a bloated company with too much debt and not enough drugs in the pipeline. That got everyone jittery, and the selling began. Shares fell from their highs of \$280 per share all the way to below \$10 in just under 18 months.

Is there a chance the market overreacted at some point along the way?

The stock is trading at just 2.5 times cash flow from operations, so perhaps maybe a little.

Let's break that figure down for a moment.

That the company trades at a mere 2.5 times cash flow tells us that management could shut down capital expenditures (which aren't a part of the company's current business strategy anyway) and pay itself off, *completely*, in 2.5 years.

That's not a bad return on your investment, right?

## **Cenovus Energy Inc.** ([TSX:CVE](#))([NYSE:CVE](#))

Cenovus is more along the lines of “the baby just got thrown out with the bathwater.”

You see, Cenovus shares, it would seem, have just gotten caught up in the wake of broader selling across the energy sector.

Now, as the price of WTI crude has fallen by 20% this year, that would make a little sense — except that Cenovus is unique in that it operates as an integrated producer.

So, while Cenovus is busily extracting crude from the ground, like so many other oil and gas production companies, it is also involved in the refining of that crude into products like diesel and gasoline and selling those refined products to end markets.

This means that when the price of crude is low, like it is today, Cenovus receives less money for the oil, but, at the same time, the lower oil price acts as a lower input cost for the refining side of things. It's a little like a built-in hedge that limits the company's exposure to volatile swings in the price of oil.

Perhaps some of this is lost on the market.

The good news for investors is recent selling in CVE shares has created a nice buying opportunity for those who have been patiently waiting on the sidelines.

Today, CVE shares are available at one times “clean” book value after accounting for goodwill and intangible assets.

It's another opportunity that is very, very difficult to pass up on.

Don't let these two bargain-basement stocks run away on you before its too late.

## **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **TICKERS GLOBAL**

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2. NYSE:CVE (Cenovus Energy Inc.)
3. TSX:BHC (Bausch Health Companies Inc.)
4. TSX:CVE (Cenovus Energy Inc.)

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