



## 3 Undervalued Stocks to Buy Right Now

### Description

Recent economic activity has been breathing life into certain [commodity stocks](#), creating some real value stocks that have significant growth ahead.

Here's why you may want to consider loading up on some of the following [undervalued stocks](#).

With the U.S. housing market steadily recovering as well as strengthening demand from China, companies like **Canfor Corporation** ([TSX:CFP](#)), **Western Forest Products Inc.** ([TSX:WEF](#)), and **Canfor Pulp Products Inc.** ([TSX:CFX](#)) have been booming.

And this boom notwithstanding the real and looming threats of tariffs and their impact on companies' profitability.

These are companies that have been posting increasing returns, stronger pricing, and improving efficiencies that have sent their stocks soaring in the last few years.

### Canfor Corporation

Canfor stock has seen an 89% rise since January 2017 off positive macro fundamentals (strong pricing and demand) as well as company-specific cost reductions.

In the latest quarter, the company reported a 72% increase in adjusted EBITDA, a 43% year-over-year increase in gross profit and a 47% increase in sequential adjusted EPS.

Going forward, the ongoing softwood lumber dispute is a risk and since Canfor has a high percent of its lumber capacity in Canada (70%), this remains an issue.

But the stock is still very attractively valued and given the strong results and macro trends, this stock is a prime value stock that investors may want to consider owning.

Canfor Pulp Products Inc. ([TSX:CFX](#)), which owns low-cost mills in Western Canada and is 53.6% owned by Canfor Corporation has also seen its stock soar in recent times, as the company benefits

from Chinese demand for softwood pulp and strong global pulp prices.

The stock is 174% higher than January 2017 levels.

### **Canfor Pulp Products**

Also very attractively valued, Canfor Pulp Products' most recent results, the second quarter of 2018, came in well above expectations.

And given its low cost mills in Western Canada, the company is well positioned to continue to meet increased Chinese demand for softwood pulp in the medium to long term.

### **Western Forest Products**

Western Forest Products has also been on a great run and still represents good value for investors.

The company has been free cash flow positive for many years now, and its balance sheet is quite strong, with minimal debt and a cash balance of almost \$47 million.

As a bonus, Western is somewhat sheltered from potential pricing woes, as the company is able to achieve higher and more stable margins due to the fact that more than 74% of its lumber revenue is generated from non-commodity products, and this specialty lumber sells at a significant premium to commodity lumber.

Longer term, the company's strong balance sheet and financial position put it in a good position to pursue growth in its business and management is actively looking at external opportunities to drive shareholder value.

The stock has rallied 26% since January 2017 and is still representing strong value.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:CFP (Canfor Corporation)
2. TSX:CFX (Canfor Pulp Products Inc.)
3. TSX:WEF (Western Forest Products Inc.)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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