



## 3 Value Stocks I'd Buy Today

### Description

This market has turned from being a growth market to a value market.

By this I mean that investors are finally turning to [value stocks](#) after a prolonged period of favouring [growth stocks](#).

So with this, let's turn to some example of great value stocks that are set up to outperform in this market.

#### **Badger Daylighting Ltd. (TSX:BAD)**

Badger stock has risen 18% year-to-date, a very good performance relative to the market, which has fallen more than 6%, and certainly better than many of the growth stocks.

The business of excavation, or digging, has been a growth business for Badger, but Badger is a value stock, as it has been trading at depressed levels after a volatile few years, with short sellers going after it and a multiple that went from frothy and rich to current levels that are bordering on dirt cheap.

In its third quarter report, Badger reported a 20% increase in revenue, 31% increase in its adjusted EBITDA, and a 57% increase in EPS, as activity and pricing was strong and the company continued to achieve benefits of scaling.

In the first nine months of 2018, revenue increased 20%, adjusted EBITDA increased 25%, and cash flow from operations increased by 27%.

Badger has enjoyed a 15.5% 10-year compound annual revenue growth rate, EBITDA margins of between 25% and 30%, and continues to benefit from a solid balance sheet, thus giving it the flexibility to continue to grow organically and via acquisitions.

Trading at 17 times this year's earnings at writing, this stock is a steal.

## **Nuvista Energy Ltd. ([TSX:NVA](#))**

Nuvista has gotten killed year to date and has lost more than half of its value.

With a 60% natural gas weighting, we can easily see why.

But natural gas prices have been rising dramatically, so why isn't Nuvista stock?

I guess the answer lies in the market's long term negative view of the commodity, but assuming they are wrong, Nuvista has big upside.

And for its part, Nuvista is expecting strong production growth of almost 20% this year.

With its flexible balance sheet that has a reasonable level of debt (20% debt to total capitalization ratio), the company is able to continue growing its production well into the future.

## **Metro Inc. ([TSX:MRU](#))**

Metro stock has rallied 14% October lows, as the market has shifted toward more defensive, value stocks.

This makes sense, as continued strong results and dividend increases have been typical of the company.

To illustrate my case, 2018 EPS was \$0.63 versus \$0.51 in the same period last year for an increase of 23.5%, buoyed by the Jean Coutu acquisition. The annual dividend was increased by 16% in 2017 to \$0.65 per share and by 10.8% earlier this year to the current \$0.72 per share.

Metro's P/E multiple has come down about one and a half points to 16.7 times.

With an \$11 billion market capitalization and a 1.56% dividend yield, Metro has been and will likely remain a story of consistency, stability, and shareholder wealth creation.

## **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **TICKERS GLOBAL**

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:MRU (Metro Inc.)
3. TSX:NVA (NuVista Energy Ltd.)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
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**Author**

karenjennifer

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