



3 Cheap, Cash Flow Rich Stocks to Own in 2019

Description

There are many reasons that investors should always be looking for stocks that are backed up by solid cash flows.

These cash flows fund growth opportunities — organic and via acquisitions — they provide flexibility to weather bad times, and they allow a return of cash to shareholders via [dividends](#) and/or share buybacks.

Cash is king.

Here are three stocks that are rich in cash flow and that should be on your radar because they are also very [cheap stocks](#).

MTY Food Group ([TSX:MTY](#))

With \$276 million in revenue and \$89 million in operating cash flow, MTY is on a roll.

The company's continued acquisitions of new restaurant chains have driven an almost 200% increase in revenue in the last five years to \$276 million in 2017 and a more than 200% increase in cash flows, driving increasing returns, while maintaining a healthy balance sheet.

And 2018 is showing more of the same.

In the first nine months of 2018, revenue increased 18% and EBITDA increased over 40%.

Badger Daylighting ([TSX:BAD](#))

This provider of non-destructive excavating services deploys its Badger Hydrovac technology in its work with clients from a wide range of infrastructure industries, such as oil and gas, utilities, and other large infrastructure facilities in North America.

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 and EBITDA margins of between 25% and 30%. It continues to benefit from a solid balance sheet, thus giving it the flexibility to continue to grow organically and via acquisitions.

Trading at 16 times this year's expected earnings, this stock is a steal.

Nuvista Energy ([TSX:NVA](#))

Nuvista has gotten killed year to date, losing half of its value, and with a 60% natural gas weighting, we can easily see why.

And while Nuvista is certainly a contrarian's stock that is in an industry that is at cyclical lows, it is trading at value prices and has massive upside when the cycle turns.

Fundamentally, the company is on a roll, and its exposure to the very prolific Montney resource play is expected to continue to drive strong results pay off in the next few years. We can expect strong production growth of almost 20% this year, and the company is achieving a more than 30% growth in cash flow per share.

Final thoughts

So, there we have it: three companies that are working hard, generating tonnes of cash flow, and yet their stocks are pretty cheap considering the fundamentals of their businesses.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:MTY (MTY Food Group)
3. TSX:NVA (NuVista Energy Ltd.)

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