Profit from Panic: 3 Top Contrarian Stocks to Buy Now

Description

Hi there, Fools. I'm back to highlight three stocks that fell sharply last week. As a quick reminder, I do this because great wealth is built by buying quality companies: during periods of extreme pessimism; when professional analysts are turning away from them; and when they're available at a discount to intrinsic value.

As the great Warren Buffett once warned, "You pay a very high price in the stock market for a cheery consensus."

So, without further ado, let's get to it.

Car wreck

Leading off our list is auto parts company **Uni-Select** (TSX:UNS), whose shares plunged a whopping 35% last week.

Most of the damage was done on Wednesday, when the company posted disappointing Q4 results. During the quarter, adjusted EPS and EBITDA came in well below expectations on revenue growth of just 1%. Moreover, the company's 2019 guidance — organic sales growth of 1.25%-3.25% and EBITDA margin of 5.75%-6.75% — also missed estimates.

Management is continuing with a strategic review to address its ongoing challenges. Uni-Select also has a leveraged balance sheet, so the stock isn't for the fainthearted.

That said, with the shares now off 50% from their 52-week highs and trading at a cheapish forward P/E of 11, now might be a good time for enterprising investors to take a look.

Real estate slump

Next up we have real estate services company **Altus Group** (TSX:AIF), which is down 7% over the past week.

The big drop came on Friday after the company's weaker-than-expected Q4 results: earnings fell 13% to $55 million as revenue improved just 6%. Adjusted operating margin also declined significantly on reinvestments, thereby suggesting that Altus' competitive edge is becoming more expensive to maintain.

That said, management remains bullish.

Altus CEO Robert Courteau said, "2018 was a very productive year as we further expanded our Altus Analytics business into Europe and Asia, added sales to larger, enterprise deals with a higher mix of recurring revenues, and increased the market share of our Property Tax business."

After the pullback, Altus shares are off 27% from their 52-week highs and offer a decent yield of 2.5%.

Healthy value

Rounding out our list is pharmaceutical company **Bausch Health Companies** (TSX:BHC)(NYSE:BHC), whose shares sank 8% last week.

Bay Street wasn't thrilled with Bausch's Q4 results. During the quarter, the company posted a loss of $350 million as revenue declined 1.9% to $2.12 billion. Bausch's full-year 2019 guidance — non-GAAP EBITDA of $3.35-$3.5 billion on revenue of $8.3-$8.5 billion — also failed to impress investors.

On the (very) bright side, Bausch's organic revenue continues to grow steadily while its debt load continues to decline, suggesting that management's turnaround efforts are progressing nicely.

"2018 was a strong year for Bausch Health as we delivered organic revenue growth across the entire Company while reducing our total debt by more than $1 billion and strategically investing in our core businesses," said Chairman and CEO Joseph Papa.

Bausch shares are now off about 15% from their 52-week highs.

The bottom line

There you have it, Fools: three slumping stocks worth checking out.

As always, they aren't formal recommendations. Just view them as a starting point for further research. Plunging stocks can keep plunging for a prolonged period of time, so plenty of your own homework is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:AIF (Altus Group Limited)
3. TSX:BHC (Bausch Health Companies Inc.)
4. TSX:UNS (Uni-Select)

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