Bargain Buys: 3 Stocks Down Big This Year With Lots of Upside

Description

The markets can sometimes be overly punitive on individual stocks, and while that can be bad news in the short term, for investors willing to hang on, there could be some significant returns to be gained. Let's take a look at three stocks that have struggled so far in 2019, but still have a lot of potential.

MEG Energy Corp (TSX:MEG) is down more than 15% since the start of the year as the stock went over a cliff after **Husky** walked away from its hostile takeover of the company when enough support wasn't generated from shareholders to continue on. While it was no doubt disappointing news for MEG, for the stock to come crashing down and hit a new 52-week low seems a bit extreme. However, the stock did get a boost from the takeover news, when it dropped below where it was before investors learned of the potential acquisition.

Today, MEG is trading at around half of its book value and could be a great bargain for investors. The company is coming off a strong year where sales were the highest they've been since 2014. And with oil prices looking to be stronger this year, MEG could be a stock that could benefit significantly from a stronger industry.

Canfor Corporation (TSX:CFP) is another stock that's been struggling heavily, losing more than half of its value in the past 12 months and year to date down 15%. It didn't help that back in January the company announced that it was scaling back production due to conditions in the industry, including lower lumber prices. However, over the long term, with population growth and a growing economy, there's going to continue to be strong demand for lumber. Whether it's new homes being constructed or simply renovations being done on existing ones, it's an industry that's not going away anytime soon.

In 2018, Canfor generated more than $5 billion in sales, which is up 50% from 2014's tally of $3.3 billion. The company has been growing, and profits have been as well. Canfor is trading below its book value, although not to the extent that MEG is, and it too could be a great pickup on what's been a big dip in price.

Cascades Inc (TSX:CAS) stock was hit hard when back in February the company announced that it was not going to be renewing the leases at two of its plants in Ontario. Cascades decided it was better off to source externally than to continue production at those unprofitable locations. Year to date, the stock is down more than 22%, with most of the decline coming after the news was released.

Like MEG, Cascades is trading at a heavy discount with the share price being around half of its book value despite the company turning a profit over the past three years and revenues continuing to rise since 2014. Ultimately, there's still a lot of demand for packaging and recycling solutions, which is why I wouldn't be terribly worried over Cascades' future. The stock is currently trading right around its 52-week low at writing.

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1. Energy Stocks
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TICKERS GLOBAL

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2. TSX:CFP (Canfor Corporation)

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