



## 3 Top Value Stocks to Buy Right Now

### Description

It's not always easy to find value stocks in a bull market, but if you're willing to put in the time, attractive prospects can be found.

Remember, however, that it pays to be careful. Not all value stocks are created equal. While many are thrown into the bargain bin indiscriminately, others are cheap for a reason.

If you're looking to capitalize on value stocks and want to minimize the chance you'll look foolish, start with these three companies. Just take note: it takes a contrarian to purchase value stocks.

### Bombardier, Inc. ([TSX:BBD.B](#))

At first, this looks like a stock that's cheap for a reason. And it is. However, if you look closer, the punishment looks overdone.

After Bombardier shares bottomed out at roughly \$1 in 2016, the stock rebounded around 500%, topping out at more than \$5 per share in 2018. Since then, shares have plummeted back towards \$2 apiece.

What happened?

Late last year, the company was [hit](#) with a slew of bad press. The company laid off more than 5,000 employees, Canada's regulator began an investigation into executive stock sales and competitor **Siemens** was awarded a contested \$1 billion contract.

On May 2, shares were hit again as the company shied away from its goal of generating \$750 million to \$1 billion in free cash flow by 2020.

Still, there's reason for hope.

The company's rail business has been building its backlog more quickly than it has delivered projects,

accumulating a long runway for revenues. Bombardier also retains a 38% interest in the **Airbus SE** A220 jet, which is finally seeing meaningful demand.

Now trading at less than eight times forward EBITDA, investors are getting a bargain price for a beleaguered giant.

## **Imperial Oil Ltd ([TSX:IMO](#))([NYSEMKT:IMO](#))**

Long-term investors likely aren't thrilled with Imperial Oil. Since 2005, shares have remained roughly flat, although there were some bumps and bruises along the way.

After nearly 15 years of lackluster returns, the market seems to have called it quits. Imperial Oil, however, has never been better positioned for the future of its industry.

In the fall of 2018, regional oil prices in Canada fell precipitously. In some cases, prices bottomed at just \$15 per barrel. Meanwhile, U.S. drillers were fetching \$60 per barrel or more.

The disconnect was due to a lack of transportation and refinery infrastructure. Surging supply had nowhere to go and companies bid aggressively to secure capacity.

Given that it owns the entire value chain, including production, shipment, refinement, and marketing, Imperial can sidestep these issues. While competitors are sacrificing profits to get their product to market, Imperial can process its entire output in order to fetch global prices.

Now trading at just seven times EBITDA, Imperial Oil is priced toward the lower end of the industry despite its numerous advantages during times of turmoil.

## **BlackBerry Ltd ([TSX:BB](#))([NYSE:BB](#))**

It's not often that tech companies are named value stocks, but BlackBerry fits the bill.

While most investors remember BlackBerry as a smartphone manufacturer, the company has entirely exited that line of business. Today, it's focused on software and services for high-growth industries like healthcare, cybersecurity, and self-driving vehicles.

For years, the company has sustained double-digit growth in software and services billings. These revenue streams come with impressive 80% gross margins, with 90% of the business deemed recurring. That means that every quarter, 90% of BlackBerry's sales are repeated again and again.

In 2019, the company reported \$83 million in free cash flow. That doesn't seem overly attractive, but rapid growth could balance the equation quickly.

Many of BlackBerry's verticals target huge, multi-decade growth opportunities. Because software and services are high margin, this should result in massive cash flow increases.

With the stock price still stuck near 2012 levels, it appears that the market has yet to catch on to this impressive business turnaround.

## CATEGORY

1. Energy Stocks
2. Investing
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## TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BB (BlackBerry)
4. TSX:BBD.B (Bombardier)
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