



Now's the Time to Buy These 3 Cheap Stocks

Description

There are buying opportunities when prices of notable stocks suddenly drop. The reason can be due to factors affecting the industry or sector as well as company-specific issues. But good companies are resilient and can overcome temporary obstacles.

Investors who are able to purchase the stocks at the right time can reap the gains when the stocks start to rebound. **Cervus Equipment** (TSX:CERV), **Linamar** ([TSX:LIN](#)), and **Stella-Jones** ([TSX:SJ](#)) are trading at low prices and are [great buys](#) if you're after a lucrative windfall.

Dividend-paying small-cap stock

Cervus Equipment has fallen by 15.02% to \$11.20 since reporting the first-quarter earnings on May 9. The company incurred \$2.7 million losses for the three months ended March 31, 2009. However, the initial adoption of the accounting standard IFRS 16 accounted for \$1.5 million of the total losses.

The world-leading equipment dealer has the ability to maintain sufficient liquidity and therefore meet the short- and long-term business objectives. Cervus's three operational segments — agricultural, transportation, and industrials — are what drives revenue and profit.

Cervus operates in Canada, Australia, and New Zealand, and there are market forces and economic factors in each of these countries that could affect the company's performance. But the geographical diversity helps temper the threats.

Investors should take note that Cervus is a dividend-paying stock. The dividend yield is 3.8% with a low payout ratio of 28.08%. Purchasing the stock today would deliver a fairly decent return when business picks up again.

Power to perform

Linamar is an underrated stock, and the price isn't what it should be given the increased revenue over

the last four years. The stock is barely up year to date and is incredibly cheap at \$45.38. There are fears that the slowing demand in the auto industry could weigh on the auto parts business.

However, Linamar has been delivering good financial results contrary to the fears. The market is challenged but is not slowing down for now. Linamar would not be ranked 65th in the Top 100 Global Automobile Suppliers if the company did not have a strong market position and global footprint.

With a 9.5% growth estimate in the next five years, sales should stay strong, and Linamar can maintain a healthy balance sheet.

New motivation

Stella-Jones's railway ties, timbers, and utility poles still enjoy strong patronage from railroad operators and electrical utilities and telecommunication companies. The stock of the pressure-treated wood manufacturer is not underperforming, but the price could easily surpass the 52-high of \$48.28.

Analysts covering the stock are forecasting Stella-Jones to hit \$60 in the next 12 months. The reason for the bullish sentiment is the new period of [transformation and growth](#). There is a changing of the guard at the top.

Brian McManus, Stella-Jones's CEO for the last 18 years, is stepping down. He is leaving a financially healthy company with a strong foothold in the lumber and wood production industry. The new CEO will hit the ground running and continue the drive to growth and value creation started by their predecessor.

Take your pick. Cervus, Linamar, and Stella-Jones are good stocks worth buying today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:LNR (Linamar Corporation)
2. TSX:SJ (Stella-Jones Inc.)

PARTNER-FEEDS

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