



Value Investors: These 3 Stocks Are Absurdly Cheap

Description

Good things happen if you buy cheap stocks. That's the value investor's mantra.

While people like Warren Buffett, Prem Watsa, Peter Lynch, Carl Icahn, and George Soros all have differing methods, ultimately, the one thing they have in common is this: they all buy stocks for less than the underlying intrinsic value of the company. The rest is just details.

Let's take a look at some of Canada's cheapest stocks, all with massive potential upside.

Dream Unlimited

Don't let the stock's 20% rise since July 1 fool you. **Dream Unlimited** ([TSX:DRM](#)) shares are still ridiculously undervalued.

The company owns a plethora of interesting assets. First up is the property management division, which manages property for the publicly traded Dream-branded REITs. This division also has significant ownership stakes in various Dream REITs, which added \$20 million to the bottom line from dividends alone in 2018.

Next up is the development portfolio, which has some interesting new real estate projects planned. Marquee projects include The Distillery, a mixed-use property in Toronto that will max out at 1.1 million square feet of gross leasable space, and Zibi, a project in Ottawa featuring retail, office, and apartment space that will eventually reach four million square feet.

The company also owns a bunch of land in cities like Calgary, Regina, and Saskatoon, which will also be developed over time into planned communities.

Add it all together, and we have a company with a net asset value exceeding \$15 per share. Shares currently trade hands at \$8.48 each. You don't have to be a math genius to see the potential upside here — [Dream Unlimited shares are seriously undervalued](#).

Molson Coors

There are many sectors millennials are supposedly killing, including the beer business. **Molson Coors Canada** ([TSX:TPX.B](#))([NYSE:TAP](#)) is trying to tackle this trend head on, as it deals with persistently shrinking sales from some of its key North American markets.

The good news is, the company has been able to stem some of the damage by raising prices, and it has the brand power to be able to continue doing so. It has also been hit by a stronger U.S. dollar — a trend that won't be around forever.

Molson Coors has done a nice job paying down its debt from a recent acquisition, getting itself into the financial position to announce [a massive 39% dividend increase](#). That gives the company an attractive 4.2% forward yield, which is a nice consolation prize for investors who are waiting for the share price to rocket higher.

Finally, the stock is cheap with a price-to-earnings ratio that checks in at 12 times trailing earnings. It also trades comfortably below book value.

Mullen Group

Mullen Group ([TSX:MTL](#)), which has grown to become one of Canada's largest trucking companies, is also one of the nation's cheapest stocks.

Investors are worried about Mullen's exposure to the energy industry, but that risk is very manageable today. In fact, the company's revenue from that sector has stabilized over the last couple of years, and the oil services division still delivers profits to the bottom line.

Mullen is a relentless growth-by-acquisition machine. Since the beginning of 2017, it has acquired 14 different trucking companies and made strategic investments in three more. These investments are paying off; in its most recent quarter, the company saw revenue increase by more than 7% versus the same quarter last year, while operating profit was up a solid 16%.

Mullen's market cap is a little less than \$1 billion. The book value on the company's impressive real estate portfolio is approximately \$550 million. The portfolio, which includes 163 properties spanning the five westernmost Canadian provinces, is likely worth close to the market cap of the entire company. That means investors are getting Mullen's trucking operations thrown in for free.

Finally, Mullen pays a generous 6.8% monthly dividend, offering investors the potential for solid returns from just the dividend alone going forward.

CATEGORY

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TICKERS GLOBAL

1. NYSE:TAP (Molson Coors Beverage Company)
2. TSX:DRM (Dream Unlimited)
3. TSX:MTL (Mullen Group Ltd.)
4. TSX:TPX.B (Molson Coors Canada Inc.)

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