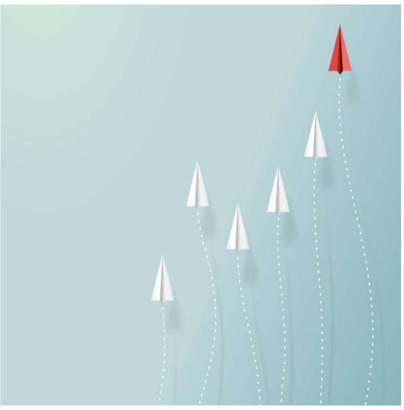

3 Mid-Cap Stocks Poised to Pop

Description

Hi, Fools. I'm back to call your attention to three attractive mid-cap stocks — or, as I like to call them, my top "sweet spot" stocks. As a reminder, I do this because mid-cap companies — those with a market cap of between $2 billion and $10 billion — have two key features:

- more upside potential than large "blue-chip" companies; and
- less downside risk than speculative small caps.

In other words, if you want to become a millionaire over the next several decades, mid-cap stocks offer a reasonable way to do it.

Let's get to it.

Line it up

Leading off this week is **Linamar** (TSX:LNR), which currently sports a market cap of $2.8 billion. Over the past year, shares of the auto parts supplier are down about 22%.

Linamar has been bruised in 2019 on lacklustre growth and concerns over the economy, but 2020 might have a rebound in store. In the most recent quarter, EPS of $2.40 missed expectations by $0.35 as revenue declined 3% to $2.1 billion.

With that said, Linamar still managed to generate free cash flow of $179 million, bringing its debt load down significantly.

"Markets are challenging but we are mitigating slowdowns with strong market share gains and careful cost control," said CEO Linda Hasenfratz.

Linamar currently sells at a paltry forward P/E of six and offers a dividend yield of 1.2%.

Value opportunity

Next up, we have **SNC-Lavalin** (TSX:SNC), which has a market cap of about $3.2 billion. Shares of the embattled engineering and construction company are down a whopping 62% over the past year.

Mounting losses and legal uncertainty continue to weigh heavily on the shares, but SNC might now be too cheap to pass up. The stock now sports a forward P/E of 10 along with a highly comforting beta of 0.5.

“[W]e have rapidly begun executing on a new strategic plan for the Company that is focused on de-risking the business and surfacing value in high-growth, high-performing areas of the business,” said Interim President and CEO Ian Edwards in the most recent report.

Given SNC’s cheap price metrics, betting on that bullishness seems like a low-risk move.

High-quality asset

Rounding out our list this week is **ONEX** (TSX:ONEX), which currently has a market cap of $8 billion. Over the past year, shares of the private equity firm are off about 7%.

ONEX’s experience (founded in 1984), diversified portfolio, and scale ($39 billion in assets under management) should continue to drive solid long-term results for shareholders. In the most recent quarter, net earnings improved to $299 million, while shareholder capital grew 4% to $87.48 per share.

“While markets everywhere remain competitive, our private equity platforms were able to find new opportunities and our credit platform continued to grow,” said Chairman and CEO Gerry Schwartz.

ONEX shares currently trade at a reasonable price to book of 1.2 and boast a beta of just 0.5.

The bottom line

There you have it, Fools: three attractive mid-cap stocks worth checking out.

As always, they aren’t formal recommendations. View them instead as a jumping off point for further research. Even the best mid-cap stocks can face serious trouble from time to time, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)

2. TSX:LNR (Linamar Corporation)
3. TSX:ONEX (Onex Corporation)

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