



## Value Investors: 3 Ultra-Cheap Stocks With Huge Upside Potential

### Description

The appeal of value investing is obvious. You find a temporarily beaten-up company, hold for a while, and then sell at a nice premium.

The key is buying at the correct moment. That doesn't necessarily mean waiting until a stock is cheapest, since we can't possibly predict when a company will start to recover. In fact, what often happens is that the stock starts to march higher before operating results start to improve.

Investors must then be patient enough to hold until the stock really starts to soar. Too often, value investors will take their 20% gain and run.

Here are three stocks that are ultra-cheap today with at least 100% upside potential. You won't want to miss this.

### BlackBerry

It seems like **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) has disappointed investors consistently for a decade. First, the company started getting beaten in the smartphone business; then it pivoted to software with similarly lacklustre results. Investors finally had enough last month, sending shares reeling after the latest edition of disappointing quarterly results.

But things are looking up. BlackBerry's software division continues to grow, including posting more than a 10% increase in revenue during its most recent quarter. Revenue for the entire year is projected to grow by some 25%. And there's still [massive long-term potential](#) in some of BlackBerry's businesses, including its Internet of Things and self-driving car software divisions.

The stock is also incredibly cheap considering the industry it's in. The stock trades at close to a decade-low price. Shares trade at just a small premium to book value, and free cash flow should continue to be strong heading into next year. The company is also sitting on close to US\$1 billion in cash and short-term investments. Putting some of that cash to work in a new acquisition could provide a nice short-term catalyst.

## Transcontinental

After making a big acquisition to cement itself as a top player in the packaging business, printing company **Transcontinental** ([TSX:TCL.A](#)) now must show investors better operating results before the stock will go much higher.

Recent quarterly results showed some improvement, with adjusted earnings creeping up to \$0.60 per share. Cash flows from operations increased by 18% compared to the same quarter last year, too. These were solid results, but investors expect a little more. The big Coveris Americas acquisition still hasn't really boosted the bottom line on a per-share basis.

Transcontinental must also pay down more debt. It is making progress on that front, including getting its net indebtedness ratio down from 3.1 times to 2.7 times operating income, but investors want to see more. Improving profitability will help here, too.

Investors who get in today are buying a stock that trades at just over six times 2019's expected earnings and that pays a 5.8% dividend. It's obvious [there's value here](#). It just a matter of waiting until results start to improve.

## CI Financial

**CI Financial** ([TSX:CIX](#)), one of Canada's largest independent wealth managers, has recently embarked on an interesting path of creating shareholder value. The company is buying back shares like crazy in an attempt to take advantage of what management views as a temporarily low stock price. It even slashed the dividend to have more cash to put towards buybacks.

The strategy has been working well so far. At the end of its second quarter in 2018, the company had just over 264 million shares outstanding. A year later, that number had fallen all the way to 235 million. Every one of those repurchased shares will help improve the bottom line.

CI is also taking steps to grow the all-important assets-under-management metric, including making acquisitions that diversify it away from retail mutual funds and into the better-growth ETF business.

Finally, CI shares are dirt cheap, trading at just over eight times earnings. A slightly better earnings multiple combined with further growth in earnings per share should be enough to send shares higher.

### CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:CIX (CI Financial)
4. TSX:TCL.A (Transcontinental Inc.)

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