3 Top Bargain Stocks Poised to Bounce in 2020

Description

Hi there, Fools. I'm back to call attention to three beaten-down stocks. Why? Because the big gains in the stock market are made by buying attractive companies during times of maximum investor pessimism, and when they're available at a clear discount to intrinsic value.

As legendary value investor Warren Buffett once quipped, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

Let's get to it.

Chronic pain

Leading off our list is cannabis producer **Cronos Group** (TSX:CRON)(Nasdaq:CRON), which is down more than 55% over the past six months.

A lack of production capacity and general industry concerns have weighed heavily on the stock, but now might be an opportune time to pounce.

In the most recent quarter, EPS clocked in at $0.53 as revenue spiked 238% to $12.7 million. The results were driven by 3,142 kilograms of cannabis sold, representing a 511% increase over the year-ago period.

Cronos also launched PEACE+, a new hemp-derived U.S. brand.

"As demonstrated by our progress in the third quarter, we are making great strides to advance the development and diversity of our portfolio and to expand our manufacturing capabilities," said CEO Mike Gorenstein.

Cronos shares sport a stomach-churning beta of 4.1.

Strong point

Next up, we have oil and gas producer **Crescent Point Energy** (TSX:CPG)(NYSE:CPG), whose shares are down about 10% over the past six months.

Crescent Point has made plenty of restructuring progress in 2019, making the recent pullback a particularly attractive opportunity. Year to date, the company has executed roughly $950 million in asset sales, significantly reducing debt and boosting its long-term cash flow prospects.

In the most recent quarter, adjusted funds flow came in at a solid $389 million.

“Our third quarter results continue to demonstrate our focus on balance sheet strength, cost efficiencies and capital discipline,” said CEO Craig Bryksa. “We also remain committed to returning capital to shareholders through accretive share repurchases while maintaining a strong financial position.

Crescent Point shares currently trade at a forward P/E in the mid-20s at writing.

Jump in the lake

Rounding out our list is gold producer **Kirkland Lake Gold** (TSX:KL)(NYSE:KL), which is down nearly 20% over just the past few weeks.

Kirkland has performed well amid strong gold prices, but a recent acquisition has investors none too pleased. On Monday, the stock plunged 17% after Kirkland agreed to acquire higher-cost producer Detour Gold for $4.9 billion.

So what’s the concern? Well, analysts are worried that the deal will add a significant cost burden to Kirkland’s operations.

“The acquisition adds to the near-term risk profile of the company” CIBC analysts wrote. Detour “…is only about halfway through the optimization of its operations (including cost savings), and we see risk of a potential slowdown in progress at the mine.”

Kirkland shares currently trade at a forward P/E of 20 at writing.

The bottom line

There you have it, Fools: three ice-cold stocks worth checking out.

As always, don’t view them as formal recommendations. Instead, view them as a starting point for more research. Trying to catch a falling knife can be hazardous to your wealth, so plenty of homework is still required.

Fool on.

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