



Investors: 3 Dirt-Cheap Value Stocks Trading Under \$10

Description

It's finally happened. After shrugging off coronavirus and railway blockade fears for weeks now, the **Toronto Stock Exchange** looks to be in the midst of a major sell-off.

I doubt the carnage will be over in the next couple of days, either. I still think many investors are underestimating the [potential economic impact](#) from this devastating disease. A significant slowdown coming out of China could affect our economy in a major way.

For long-term investors, this shouldn't be a big deal. In fact, it should be welcomed as a buying opportunity.

Let's take a closer look at three already cheap stocks, shares that are currently trading under \$10 each. All three of these stocks should be good buys today, perhaps getting even more attractive after more downward pressure.

Chorus Aviation

Naturally, with travel being one of the first sectors affected by any contagious disease scare, shares of various airlines are taking this news hard, creating a bargain price for **Chorus Aviation** ([TSX:CHR](#)).

After setting a 52-week high of \$8.45 per share just a few weeks ago, Chorus set a fresh 52-week low on Monday with shares slumping to as low as \$6.80 each. The stock sold off nearly 8% on the day.

At this point, I don't think Chorus's business is affected by the Coronavirus. Regional flights in North America are still robust, and there aren't enough sick people to really make people scared to travel.

What *really* has investors spooked is what could happen to air travel around the world. Remember, Chorus's big growth business today is its airline leasing division, a part of the company that has been delivering steady growth over the last couple of years.

In its fiscal 2019, Chorus earned \$0.85 per share, putting the stock at just 8.5 times earnings today.

Even if we get a lean year in 2020, further growth in the aircraft leasing division will make today's price look especially cheap.

Husky Energy

Travel isn't the only industry investors are worried about. Oil is another potential casualty, which could translate into a long-term opportunity to buy **Husky Energy** (TSX:HSE) shares on the cheap.

The integrated oil producer recently told investors it would soon be in the position to generate some pretty significant free cash flow in the next couple of years. In fact, all the company needs is the average oil price to linger around the US\$55 per barrel mark for it to generate \$500 million in free cash flow this year and \$1.5 billion next year.

Husky's market cap is just \$7.8 billion today, meaning that plans on generating more than 25% of its market cap in free cash flow over the next two years.

The stock is also cheap on a price-to-book value basis, with the company trading at just 40% of its stated book value. Some might say book value is inflated in this scenario, but if oil recovers, that criticism will cease.

Husky also pays a succulent 6.4% dividend, a payout that should be safe if the price of crude cooperates.

Stelco

Despite the company being still an important industrial cog for the Hamilton area, **Stelco** ([TSX:STLC](#)) doesn't get much attention from investors.

It's obvious why shares are cheap today. If China's economy continues to slow, then steel prices will be lower. But I'd argue the exact opposite will happen. Once the Coronavirus threat lifts, China will introduce a massive stimulus program, which should help lift the price of steel.

One analyst figures Stelco should earn between \$1.50 and \$2 per share if the company has reasonable production and the price of steel cooperates. The stock, meanwhile, just dipped below \$10 per share, putting us firmly into bargain territory.

Stelco also trades at a discount to the sum of its parts. It has significant [real estate](#) holdings, assets that are worth far more than the carrying value on the balance sheet. In fact, it did a land deal last year that has already proven to be pretty lucrative, despite it being only 20% leased.

Finally, the company pays a \$0.10 per share quarterly dividend, a payout that works out to a 4.4% yield.

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TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)
2. TSX:STLC (Stelco Holdings Inc.)

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