2 Stocks That Are Ridiculously Cheap Right Now

Description

The Canadian stock market seems to be falling off a cliff this week. Stocks are down 16.55% year-to-date and it seems like the economic pain is just getting started. Markets could fall much further if the ongoing pandemic isn't tamed or if the authorities don't implement some form of stimulus soon enough.

If you're fortunate enough to have some cash lying around, it might be the perfect time to dive in and pick some bargains. Some of the country's most robust companies are trading far below their long-term intrinsic value. Here are two stocks I believe bargain-hunters should keep an eye on.

Couche-Tard

Laval-based **Alimentation Couche-Tard Inc.** (TSX:ATD.A)(TSX:ATD.B) is an absolute favourite in this ongoing market crisis. The company has been aggressively acquiring stores in new regions and hoarding cash for years. It's now in an excellent position to survive the chaos and buy some smaller businesses for cheap.

The company currently has $1 billion in cash and cash equivalents on its books. Meanwhile, its dividend payout ratio is just 10%. That means it has enough of dry powder to acquire more stores and invest for the long-term as the global economy grinds to a halt this year.

Meanwhile, the company's convenience stores and gas stations shouldn't suffer a demand shock in a recession. In fact, the stock lost 47% of its value between 2007 and 2008 during the previous financial crisis and then gained 85% by 2009, marking a quick recovery.

Right now, shares trade at 14.6 times trailing earnings and 20 times leverage-adjusted free cash flow per share. In other words, investors should expect minimal downside and decent upside from this level.

Fortis

Utility giant **Fortis** (TSX:FTS) is in a better position than Couche-Tard. While gas stations and convenience stores are resilient to recessions, basic utilities like Fortis are nearly impervious. People don't stop paying their electricity bill even in a pandemic or economic crisis.

In fact, Fortis is already serving as a safe haven during this market crash. The stock has lost only 15% of its value over the past month, while the **S&P/TSX Index** lost 20%. In other words, *Fortis beat the market during a crisis*.

At this moment, the stock trades at just 12.9 times trailing earnings per share, 1.6 times book value per share, and offers a 3.9% dividend yield. The company also has plenty of cash and robust cash flows to cover the dividend during a crisis. If the market crash continues, the stock could serve as a safe haven for investors, which is why you should consider adding exposure now.

Bottom line

No investor can ever hope to time the market perfectly. That being said, this seems like a moment of peak panic across North America and the stock market seems to be reflecting this sentiment.

For long-term investors with some cash on hand, this could be an opportune time to add exposure to the best stocks on the market. I believe recession-proof companies like Couche-Tard and Fortis should be on every value-oriented investor's radar.

Stay cautious, stay safe, stay Foolish. Good luck!

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Date
2025/08/20
Date Created
2020/03/14
Author
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