



Market Crash 2020: Missed the Bottom? 1 Unbelievable Bargain That Still Exists!

Description

The rally off the [market crash of 2020](#) caught many by surprise. The **TSX Index** imploded very sharply, causing an unprecedented rush to the sidelines. If you didn't buy gradually on the way down or were fazed by the off-the-charts volatility, you probably missed a chance to put some money to work at bargain-basement prices. You see, the pursuit of the market bottom often leaves investors farther from it.

Now that we're well on our way back to the top, investors should not kick themselves for missing the bottom. It was an impossible feat, anyway! Instead, investors should look to the stocks that they know to be still undervalued today.

With the TSX Index sitting down over 20% from its high, there are still bargains out there, even though they may not be the steals they were in late March.

Market crash 2020: A catch-up investment to consider

Consider shares of **Québecor** ([TSX:QBR.B](#)), the Quebec-based communications company behind popular integrated telecom Vidéotron. If you don't reside in Quebec, you've probably not heard of the company, but it is a wild card telecom play that investors should consider as a cheaper alternative to Canada's Big Three. I view it as a better value at this juncture and believe the Quebec-based firm has arguably superior competitive advantages up its sleeves.

At the time of writing, Québecor stock trades at 7.5 times enterprise value/EBITDA, which is considerably lower than the stocks' five-year historical average EV/EBITDA of 8.2. With applause-worthy ROE and ROIC numbers over the past few years (89% and 12.5%, respectively, on a TTM basis), Québecor is well-positioned to reward investors with massive dividend growth and gains as new telecom tech, like 5G, becomes the new norm.

Moreover, I view Québecor as [having a wide moat](#) around its home province of Quebec. The company has ventured into various Francophone communities but has mostly stayed within the confines of Quebec. By doing so, the company has a deep penetration across the province.

This, combined with brand recognition and the language barrier, I believe, has made the job of some of the Big Three competitors that are hungry for a larger share of the Quebec market that much harder.

Market crash 2020: staying within one's circle of competence is almost always a good idea

You see, Québecor isn't trying to take over the country. It's staying within its circle of competence and eliminates the risk of spreading itself too thin. By sticking in Quebec, I see the company as having an easier time bolstering average revenues per user (ARPU), with new services as they come to be.

At the same time, Québecor's reluctance to invest outside of Quebec limits its growth prospects, dooming the firm to play defence against its competitors at a time when it may be a good time to go on the offensive, given falling switching costs.

In any case, I view Québecor's strategy as being effective at growing profits over time, even with limited growth, thanks to its higher-than-average ROIC numbers.

Foolish takeaway

As long as Québecor can defend its turf from the competition, I suspect the name will be a long-term winner for investors, especially if they can get in the stock at today's low price of admission.

Stay hungry. Stay Foolish.

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