



## Market Crash 2020: Brace Yourself: A Resilient 5G Stock to Buy Now

### Description

The stock market is showing signs of reversing after one of the best months in decades. So, if you're looking to invest cautiously and limit your damages in what could be the next leg lower in the coronavirus crisis, consider investing in shares of dirt-cheap value stocks with [dividends that aren't skating on thin ice](#).

Also, choose firms within industries that stand to be minimally impacted by another lockdown should the reopening of the U.S. and Canadian economies end up failing over the coming weeks and months.

This pandemic is highly unpredictable, so you need to be prepared for whatever the markets do next in response to the release of bad news, whether it's regarding the coronavirus, the economy, or earnings. The second quarter is going to be a historically bad one, so expect a negative overreaction and don't rule out a retest of the March 23 lows.

"It may have taken me 89 years of age to throw this one into the experience, but the markets, if you have to be open second by second, they react to news in a big-time way," said Warren Buffett.

While a barrage of bad news is coming, not all stocks will stand to implode on themselves. If you pick your spots carefully, you can make it through what could be the second wave of the coronavirus typhoon in one piece.

Consider shares of dirt-cheap defensive dividend stocks like **Quebecor** ([TSX:QBR.B](#)), a Quebec-based telecom that strikes me as a wonderful buy at this market crossroads. For those unfamiliar with the name, it's a telecommunications company that's essentially built a moat around the province of Quebec.

### A defensive telecom that's opted to stay in its circle of competence

"Stay within your circle of competence is the mantra that Quebecor's managers live by. And while

expanding across the country from the Rockies to the Bay of Fundy is a natural next move for such a growthy, yet mature telecom as Quebecor, for the most part, the company has opted to stay within the confines of Quebec,” I wrote in a [prior piece](#).

The firm is focused on serving the Quebec community, and over the years, the firm has developed an impressive amount of brand equity while virtually eliminating the risk of spreading itself too thin.

As the Canadian telecom war intensifies, Quebecor will have the home-ice advantage as it looks to defend its turf, with its arguably superior slate of offerings.

At the time of writing, Quebecor stock trades at a mere 7.37 times enterprise value/EBITDA and 7.5 times book, both of which are lower than the firm’s five-year historical average multiples of 8.2, and 10.8, respectively.

As a provider of vital telecom services, Quebecor is in a position to hold its own should the coronavirus grip the broader markets once again. The company is quite liquid with a 0.6 quick ratio, but it’s the resilience of the firm’s operating cash flows that has me licking my chops over the firm at these modest valuations.

## **A wonderful business with a well-covered dividend at a wonderful price amid the market crash**

The dividend, while on the lower end at 2.8%, is well covered and likely to grow at an above-average rate over the next five years and beyond as new telecom tech is rolled out.

Moreover, Quebecor sports an impressive 12.5% ROIC, which is substantially higher than that of the Big Three, which sport single-digit ROIC numbers. Quebecor’s stellar operating performance goes to show how much more profitable the defensive business of telecom can be if you stay within your circle of competence.

Sure, Quebecor’s revenue growth numbers would have been much better had it clashed with the Big Three in other non-French-speaking provinces.

However, its ROIC numbers would have taken a hit as a result, and on a cash-for-cash basis, it wouldn’t have been as worthwhile, especially given that the new telecom tech (like 5G) is enough growth in the tank to keep investors more than happy over the long haul.

Stay hungry. Stay Foolish.

### **CATEGORY**

1. Coronavirus
2. Dividend Stocks
3. Tech Stocks

### **TICKERS GLOBAL**

1. TSX:QBR.B (Quebecor Inc.)

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