



ALERT: These 3 Bruised Value Stocks Are Melting Up!

Description

Many stocks have already had the opportunity to “melt-up” or correct to the upside following the [vicious February-March pandemic sell-off](#). Leading the upward charge were the pandemic-resilient growth and tech stocks, with various oversold COVID-hit stocks following behind.

As growth looks to move out of the driver’s seat in favour of bruised stocks trading at more reasonable valuations, we could be on the cusp of witnessing a profound growth-to-value rotation, as first-half-of-the-year dogs finally get their chance to shine. This piece will have a look at three that are already in the process of melting up. If the right cards fall into place, I think the following high-momentum value stocks could continue surging to their all-time highs by year-end.

Badger Daylighting

Badger Daylighting (TSX:BAD) is a firm engaged in the business of soil excavation. With a fleet of hydrovac-equipped trucks, the company provides services to firms who need to maintain or place underground infrastructure. In a nutshell, Badger’s hydrovacs use pressurized water to dig and expose buried infrastructure (pipelines, cables, and all the sort), thus exposing it to the light of day.

The excavation service provider has taken a hit on the chin because of its exposure to firms within the oil and gas (O&G) sector. Badger had also been the subject of baseless short-seller allegations of accounting and disclosure breaches, which have since been investigated, with no disciplinary action laid out.

Amid the coronavirus crisis, Badger has been under pressure, but shares have begun to rocket higher, as an increase in infrastructure spending as a part of North America’s recovery could be a significant boon for Badger’s business. The company has posted solid margins amid the pandemic and is likely to come out of this pandemic soaring, with its robust cash flow stream and a rock-solid balance sheet.

Canadian Tire

Canadian Tire ([TSX:CTC.A](#)) is an iconic Canadian retailer that imploded back in February and March. Investors on the Street underestimated the discretionary retailer's resilience. After the latest quarter, it's clear that Canadian Tire not only has the tools to ride out this crisis but a balance sheet to take advantage of opportunities that arise in the space.

The company's e-commerce platform enjoyed a massive 400% sales spike in the last quarter. With malls reopening, Canadian Tire's mall-based banners like Sport Chek could experience a major jolt, as self-isolating Canadians look to buy at-home workout items to avoid trips to the gym, which could be on the cusp of closure once again.

I'm impressed with Canadian Tire's resilience amid the pandemic and think the momentum is far from over for a firm that continues to grow both its top line and operating margins at a decent pace. Canadian Tire is the real deal, and right now, it's a steal at 0.6 times sales.

Sleep Country Canada

With interest rates to remain at the floor likely through 2023, you're going to want to up your cyclical exposure, despite the worsening recession on the horizon. Why? For a bruised name like **Sleep Country Canada** ([TSX:ZZZ](#)), I believe a severe economic downturn already baked in here. The pandemic has not been kind to Sleep Country, and even before the crisis started, the firm felt the pressure from innovative mattress-in-a-box firms like Casper and Leesa that were changing the sleep retail industry.

While Sleep Country has its fair share of baggage amid this crisis, I think shares are severely undervalued, and as the market warms up to the battered deep-value stocks, Sleep Country is one of the names that could have room to run.

The stock trades at 2.4 times book value with a decent liquidity position (0.8 quick ratio) to make it through this crisis in one piece. Going into year-end, ZZZ shares could be poised to wake up, so if you seek [deep value](#), why buy a stock anywhere else?

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Date

2025/07/02

Date Created

2020/09/18

Author

joefrenette

default watermark

default watermark