



3 Deep Value Stocks to Buy at a Bargain

Description

A handful of companies continue to struggle in 2021. Their respective shares have fallen [below fair values](#) due to the impact of the global pandemic. While the names are unappreciated for now, their fortunes could change.

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)), **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)), and **Mullen Group** ([TSX:MTL](#)) are bargain buys today. You might want to include them in your shopping list or initiate positions before the [breakout](#) comes.

Good deal for investors

Shaw Communications came alive on news that **Rogers Communications** will acquire the company for almost \$26 billion. The share price popped 41.6% to \$33.85 on March 15, 2021. As of March 22, 2021, Shaw shares are trading slightly lower at \$33.52. The telco stock also pays a 3.54% dividend.

The \$16.75 billion company is the fourth-largest in Canada's telecom industry but provides the best network in the Western provinces. Shaw's product offerings include telephone, Internet, cable and wireless TV plus and mobile services. The majority of subscribers are in Alberta and BC, although there are subscribers in Northern Ontario and the eastern prairies.

Management is taking a new direction following the death of founder JR Shaw in March 2020. The family patriarch was also the founder of **Corus Entertainment**. Some observers say the cash deal is fine for investors, but not necessarily good for consumers. Because of fewer telecom providers, prices may rise in the long run.

Cash generation potential is intact

After a hard-luck 2020, oil sands operator Cenovus is on catch-up mode. Current investors aren't losing in 2021 (+26.5% year-to-date) despite the disappointing full-year 2020 earnings results. As of March 22, 2021, the share price is \$9.79, while the dividend offer is 0.81%. Analysts predict the price

to soar 63% to \$16 in the next 12 months.

This \$19.75 billion company owns top-tier oil sand assets. Husky Energy is now its wholly-owned subsidiary following the closing of the sale on January 1, 2021. Cenovus' debt post-sale is approximately \$13.1 billion, while available committed credit facilities are \$8.2 billion. Long-term bonds are maturing in April 2022.

The road ahead for Cenovus would be bumpy, although its cash potential remains intact. However, the Husky Energy transaction should result in almost \$1 billion of synergies. Its President and CEO, Alex Pourbaix, said, "In 2021, we'll remain focused on disciplined capital allocation, investing selectively in the highest return opportunities available in our expanded asset portfolio."

Eyeing U.S. expansion

Mullen Group is looking toward the U.S. market to drive growth. The \$1.19 billion trucking and logistics services provider from Okotoks, Canada, didn't use its available \$250 million for acquisitions in 2020.

Murray Mullen, the group's chairman, CEO and president, said they did not find a reasonably priced prospect that offered necessary synergies. Given that the Canadian economy is stagnant for now, management eyes U.S. expansion. However, diving into a big shark tank with plenty of growth opportunities requires an aggressive strategy.

Despite the 8.9% and 11.4% decline in revenue and net income, Mullen characterized the 2020 financial year as a "pretty darn good year." Analysts forecast the current share price of \$12.34 to jump 29.6% to \$16 in the next 12 months. Mullen pays a decent 3.85% dividend too.

Dark horses

Shaw Communications, Cenovus Energy, and Mullen Group are dark horses in 2021. Each stock will seek out its actual value when the respective businesses recover lost ground

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:MTL (Mullen Group Ltd.)
5. TSX:SJR.B (Shaw Communications)

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