



This Cheap Stock Under \$10 Is Looking Extremely Undervalued

Description

I'm always on the hunt for a good value stock play. There's no better feeling than doing your due diligence, holding a stock through market noise and volatility, and then watching it shoot up suddenly one day.

With great fundamentals, good valuation metrics, and a low price, this stock might just be the one to take off in 2022 when the market clues in on how undervalued it is. Without further ado, I present to you **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)).

An unappreciated gold miner stock

Everyone knows and loves mining companies like **Barrick Gold**, **Franco-Nevada**, **Kirkland**, etc. In comparison, Kinross barely gets any attention. With seven gold mines active, the company pales in size and scope compared to Barrick, which currently owns and operates 16 sites around the world.

Kinross hasn't had the best performance historically. In 2013, it suspended dividend payments and didn't resume them until 2020. In 2015, declining gold prices forced it to close a Denver office and eliminate 110 corporate jobs across the world. In 2016, its credit rating was lowered by **Standard & Poor's** (S&P) to "junk bond" status, owing to the regulatory risk from its Russian mines.

The numbers tell a different picture

Fundamentals wise, Kinross currently has an operating margin of 38.83%, profit margin of 24.90, ROI of 15.70%, ROA of 9.61%, and ROE of 16.15%. The balance sheet is very healthy, with \$662.5 million cash as of the most recent quarter, long-term debt/equity of 0.22, and a current ratio of 2.50.

Valuation wise, Kinross appears to be substantially undervalued. The company's current enterprise value / EBITDA is just 4.08, with a P/E of 7.02, forward P/E of 6.88, P/S of 1.68, P/B of 1.05, and P/FCF of 12. The company also pays a small dividend of \$0.12 per share, which works out to a current yield of 2.15%.

Technical wise, Kinross is currently trading around \$7.20 a share, or roughly -30% lower than its 52-week high of \$10.37 and under both its 50-day moving average of \$7.66 and 200-day moving average of \$8.13. This could mean more short-term bearish movements. The stock's relative strength index is currently 43.17, which could indicate that it is slightly oversold.

The Foolish takeaway

Kinross's fundamentals point to excellent management, profitability, and undervaluation. The technicals indicate that the current price could be a good entry point. In my opinion, it's only a matter of time before the market wakes up and realizes how undervalued this stock is.

Moreover, institutional transactions have increased recently by 44.27% to the point where they now own 69.90% of the shares outstanding. In light of this, I'd be comfortable putting my capital where the smart money is deploying theirs. For less than \$10 a share, Kinross could be a real great value play to end 2021 on.

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