



3 Stocks That Became Ultra Cheap Recently

Description

The TSX has shown incredible resiliency in May 2022 amid the complex and challenging environment. Still, more than 50%, or six of the 11 primary sectors, remain in negative territory year to date. Moreover, many stocks have become ultra cheap recently.

Journey Energy ([TSX:JOY](#)), **Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)), and **Aurora Cannabis** ([TSX:ACB](#))([NASDAQ:ACB](#)) are among the stocks that have suffered sharp declines. However, only the oil well driller and private equity firm appear undervalued vis-à-vis their growth potential. Forget about the cannabis producer, because recovery remains in doubt.

Profitable journey

Journey Energy fell 3.23% to \$6.90 on May 27, 2022, which should be a good entry point. Despite the sudden retreat, the trailing one-year price return is 658.24%. Had you invested \$10,000 one year ago, your money would be worth \$75,824.18 today. Current investors are up 155.56% year to date.

This \$363.78 million exploration and production company focuses on conventional, oil-weighted operations in Western Canada. Journey drills on its existing core lands to grow its production base. It also implements water flood projects and executes accretive acquisitions. The most recent acquisition is PrivateCo., whose producing wells generate 75-100 barrels of oil equivalent per day (boe/d).

In Q1 2022, Journey's production revenue ballooned 95% to \$45.85 million versus Q1 2021. The quarter's highlight was the 710.42% year-over-year increase in net income to \$13.77 million. Adjusted funds flow rose 134% to \$20.4 million.

Like most industry players, Journey benefits from strong and rising commodity prices. For 2022, management will continue to actively evaluate opportunities that should expand the business further.

Exponential growth on the horizon

Brookfield Business Partners focuses on owning and operating high-quality businesses only. The prospects must provide essential products and services. All should also benefit from a strong competitive position. While the stock trades at a discount (-20.52% year to date), you should look at what's ahead for the business.

Brookfield Asset Management (BAM), one of the world's largest alternative asset management firms, is the parent company of this \$2.32 billion business services and industrial company. Despite the huge drop in Brookfield Business Partners's net income (98.9%) in Q1 2022 versus Q1 2021, adjusted EBITDA increased 30.7% to US\$506 million.

Cyrus Madon, CEO of Brookfield Business Partners, said, "We had a successful start to the year, generating strong financial performance and committing approximately US\$1.6 billion of equity across seven new investments." Management expects its core business segments (industrials, infrastructure services, and business services) to drive growth moving forward.

If you invest today (\$30.71%), the flagship-listed vehicle of BAM pays a modest 1.04% dividend.

Staggering loss again

Aurora Cannabis is losing by 68.76% and has dropped to \$2.14 per share, or nearly rock bottom. The \$485.36 million cannabis producer has nothing to show but a series of quarterly losses. In Q3 fiscal 2022 (quarter ended March 31, 2022), the net loss reached \$1 billion.

Its CEO, Miguel Martin, points to excess inventory, older products, and fierce competition for the staggering quarterly loss. While Martin acknowledges that the dynamics are unsustainable, he insists the company has the scale and resources to navigate through them. Aurora has been a big disappointment; therefore, steer clear of the stock for now.

Value buys

Journey Energy and Brookfield Business Partners are great value buys today. Both have massive growth potential compared to Aurora Cannabis.

CATEGORY

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3. TSX:ACB (Aurora Cannabis)
4. TSX:BBU.UN (Brookfield Business Partners)

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