



2 Deep Value Stocks That Were Recently Oversold

Description

If you're looking for deep [value stocks](#), **Cargojet** ([TSX:CJT](#)) and **Park Lawn Corporation** ([TSX:PLC](#)) have been oversold.

The former has plunged 4.6% in five days, while the latter has declined 3.2% during the same stretch.

Essential air cargo services

Cargojet is in negative territory year to date (-9.6%), but it's surprising considering that air cargo services are essential in today's environment. Moreover, the solid earnings in Q2 2022 doesn't reflect in the industrial stock's performance. All business segments reported strong performance, as evidenced by the financial results.

Total revenue increased 43.3% to \$246.6 million versus Q2 2021. Adjusted free cash flow (FCF) jumped 24.44% year over year to \$44.8 million. Cargojet's net income for the quarter reached \$160.9 million compared to the \$11.1 million net loss in the same quarter in 2021.

Management said macro uncertainties continue to impact air-cargo supply chains with passenger airlines facing extremely difficult operating conditions. It adds that the impact of rapidly shifting schedules and poor on-time performance of passenger airlines restricted cargo shippers from utilizing belly space.

Nonetheless, Cargojet views these challenges and the ongoing supply chain issues as opportunities to capture unmet demand in the medium term. President and CEO Dr. Ajay Virmani said the recent macro events have further strengthened Cargojet's resolve to stay focused on serving its customers.

Dr. Virmani adds, "We are not immune to the global forces of high inflation, high fuel prices and geopolitical uncertainties. Therefore, we remain prudent in how we are approaching the next few quarters as we continue to balance investing in growth with maintaining a strong balance sheet."

Cargojet is far from mediocre as the company is one of only four names that made it to the TSX30 List

from 2019 to 2021. Take advantage while this growth stock trades at a discount. The current share price, down 15.5 percent year to date, is a good entry point.

No business downturn

Park Lawn operates in the personal services industry and provides goods and services related to the disposition and memorialization of human remains. The \$982 million company, operating since 1892, is well-established in the funeral, cemetery and cremation industry.

In the first half of 2022 (six months ended June 30, 2022), net revenue and net earnings increased 11.4% and 7.4% compared to same period in 2021. However, J. Bradley Green, Park Lawn's CEO, notes a meaningful decrease in national mortality because the death rate normalized over the second quarter.

Longer term, Green is confident that Park Lawn's market share will grow as its integrated businesses improve. Likewise, the robust acquisition pipeline should result in greater returns over the long-run.

Visible growth potential

Dividend-payers Cargojet and Park Lawn have visible growth potential. This pair of undervalued stocks should climb to their real or intrinsic values soon. And take note, the potential return should be higher if you include their modest dividend yields (0.78% and 1.58%).

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:PLC (Park Lawn Corporation)

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