



These 3 Value Stocks Are Worth 50% More Than Their Market Prices

Description

The stock market has been drifting lower throughout the year. Concerns about growth, inflation, and recession have pushed many stocks to multi-year lows. Some of these companies face declining earnings and squeezed margins, so the drop is justified. But some have been oversold and are now deeply undervalued.

Here are the top three beaten-down stocks that should be worth up to 50% more than their market prices.

RioCan

Real estate investment trusts like **RioCan** ([TSX:REI.UN](#)) are in a tricky position. Rising interest rates are likely to cause a housing market crash while REITs offer dividend yields that are below inflation and savings rates right now.

However, RioCan is in a better position than many of its peers. For one, the company's portfolio is most commercial real estate. Many of its commercial properties are anchored by grocery stores and banks, which makes the company's cash flow less vulnerable to the market cycle.

RioCan's units are currently trading at \$18.11 each. However, the book value per unit was \$26.15, as of the end of June 2022. That means the net book value is 44.4% higher than the market price. Assuming rental income growth and new developments in the months ahead, RioCan's units should be worth even more than the reported book value.

This undervalued real estate company deserves a spot on your watch list.

Nuvei

Financial [technology](#) is clearly out of favour right now. Technology stocks have lost tremendous value this year, and FinTech companies have fared the worst. Payment processor **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#))

) has lost 54% of its market value year to date. Put simply, it's worth less than half its previous value.

At the time of writing, Nuvei stock is trading at its lowest valuation ever. Its price-to-sales ratio is 5.1, which is the lowest it's ever been. It's significantly lower than its historical average of 16.5. In other words, the stock price would triple if the valuation reverted to its long-term mean.

Despite the economic outlook, Nuvei's business is still growing. In fact, total transaction volume was up 44% in the most recent quarter, while organic growth in revenue was 19%. Based on this resilient growth trend, Nuvei deserves a higher valuation.

Baytex Energy

Oil stocks are probably the most undervalued segment of the stock market. [Oil prices](#) have declined in recent months but are still holding up at multi-year highs. Experts are divided on what comes next. However, most oil stocks are undervalued, even if the price of crude continues to drop.

Baytex Energy ([TSX:BTE](#)) is a good example. The stock trades at price-to-earnings ratio of 3.8. That implies an earnings yield of 26.3%!

The company is also generating a record amount of free cash flow (FCF). According to analysis by industry expert Eric Nuttall, Baytex could generate an FCF yield of 19% even if the price of crude oil drops to US\$70 per barrel. For context, each barrel of West Texas Intermediate crude trades at US\$78 right now.

This undervalued energy stock should be on your watch list.

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2. TSX:BTE (Baytex Energy Corp.)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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Author

vraisinghani

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