



## 3 Absolute Bargain Stocks to Buy Now and Hold

### Description

If you're looking for strong buy candidates before the year is over, check out **Canadian Western Bank** ([TSX:CWB](#)), **Hardwoods Distribution** (TSX:HDI), or **Chorus Aviation** ([TSX:CHR](#)). The stocks are trading at bargain prices, and based on market analysts' price forecasts, all three appear [undervalued](#).

### Bank for business owners

CWB isn't one of the Big Five banks, but its long-standing goal is to build the best bank for business owners. Management believes that its market position and transformation-focused strategy have set the stage for CWB to be a differentiated force in Canadian [financial services](#).

The \$2.36 billion bank expects to deliver profitable long-term growth and provide attractive, sustainable returns to investors. Its president and chief executive officer (CEO) Chris Fowler said, "The progress we have made to transform our business provides a strong foundation to accelerate the growth of full-service client relationships and enhance our profitability."

After three quarters in fiscal 2022 (nine months ended July 31, 2022), net income increased 2% year over year to \$243 million. Fowler expects annual percentage loan growth for this fiscal year to be in the high single digits. CWB trades at \$25.44 per share (-27.68% year to date) and pays an attractive 4.87% dividend (32.61% payout ratio).

### Multi-year growth runway

Hardwoods Distribution is worth watching following its impressive financial results in the first half of 2022. Also, the stock is down 38.9% year to date (\$26.95 per share), but it shouldn't be down for long. Market analysts' 12-month average price target is \$47.53, or a 76.4% return potential.

The \$629.45 million company supplies specialty building products in North America. Home centres, fabricators, and professional dealers servicing new residential, repair and remodel, and commercial construction end markets are its customer base.

In the six months that ended June 30, 2022, total sales increased 113.8% to \$1.34 billion versus the same period in 2021. The \$85.4 million profit represents a 128.9% year-over-year growth. Its president and CEO Rob Brown said the \$700.3 million total sales in the second quarter of 2022 were due to HDI's growth strategy, proven business model, and favourable market conditions.

Brown added that HDI has the resilience to manage through business cycles, and he anticipates a multi-year growth runway. Moreover, the company should create value from its leading market position and the long-term positive fundamentals of the building products market in North America.

## Back to profitability

Market analysts maintain a bullish sentiment on Chorus Aviation because of its return to profitability in the third quarter of 2022 and the ongoing transition into an asset-light model. The \$574.63 million company provides regional aviation solutions through three principal subsidiaries: Falko Regional Aircraft (newly acquired), Jazz Aviation, and Voyageur Aviation.

In the three months ended September 30, 2022, net income reached \$23.56 million compared to the \$11.26 million net loss from a year ago. Cash flows from operations increased 10.3% year over year to \$91.3 million. If you invest today, Chorus trades at \$2.83 per share (-14.76% year to date), although it could rise 64.7% to \$4.66 in one year.

Management's near-term plan is to continue transitioning to an asset-light model while exploring asset sales. The goal is to create additional shareholder value by generating incremental cash flows and reducing debt.

## Good entry points

The current share prices of CWB, HDI, and Chorus Aviation are good entry points. You can buy them now and hold before the anticipated breakouts.

### CATEGORY

1. Investing

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2. TSX:CHR (Chorus Aviation Inc.)
3. TSX:CWB (Canadian Western Bank)

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