



These Wildly Undervalued Stocks Could Go Parabolic

Description

These days, it's relatively easy to find undervalued stocks. After all, the TSX Index is down 9% from its highs this year. The undervalued stocks that I'll highlight today have a few things in common. They're leaders in their respective businesses, they're well-run, and their financials are strong.

Without further ado, here are three wildly undervalued stocks that won't be that way too much longer.

Intact Financial – A long history of outperformance

I've said it before, but this bears repeating. The state of the economy today is perilous. Rising interest rates and inflation will surely take their toll in the next few years. Because of this, it's more important than ever to choose well-established companies that have solid earnings and balance sheets.

Intact Financial Corp. (TSX:IFC) is the largest provider of property and casualty insurance in Canada. Over recent years, Intact has grown by consolidating its industry. In fact, countless acquisitions have been completed over the years. This has led to a steady rise in revenue and the realization of cost synergies. In the last five years, Intact has almost doubled its revenue with a corresponding 163% increase in net income.

In its latest quarter, Intact's earnings disappointed. This was due to the inflationary environment we're in causing costs to move higher. Yet, the long-term story is still intact, and the company continues to act upon its growth strategy. Today, Intact continues to trade at undervalued levels that are not deserving of a company of this calibre. In fact, its price-to-earnings (P/E) ratio is a mere 13 times, which is far below its peer group despite better margins and returns.

Suncor stock – Undervalued yet wildly profitable

Suncor Energy Inc. ([TSX:SU](#)) is Canada's largest integrated energy company. The diversified energy company boasts world-class assets and operations. It's mostly been a reliable energy stock throughout its history. Today, Suncor stock trades at a mere 7.6 times earnings and 3.2 times cash flow.

Yet, Suncor's results have been strong this year and they continue to improve. Last quarter, Suncor's revenue increased almost 50% to \$14.9 billion. Also, volumes and margins were solid, driving strong increases in cash flow and earnings. So why is Suncor stock so undervalued?

Well, it has a lot to do with the company's safety record, which it is taking steps to address. For example, Suncor is installing state-of-the-art technology to improve safety. This includes technologies like fatigue management and collision awareness systems. The installation of these systems is progressing rapidly, and we'll hopefully see some major improvements as a result.

For now, though, SU stock continues to be one of the most undervalued stocks. [Oil continues to trade at around \\$80](#). At this price, Suncor continues to generate solid profits and cash flows.

Teck Resources – An undervalued stock with a bright future

Teck Resources Ltd. ([TSX:TECK.B](#)) is a \$26 billion diversified mining, smelting, and refining giant. It has operations in Canada, the U.S., Chile, and Peru. The company has major positions in different base metals markets.

Undeniably, Teck is going through a difficult time. Inflationary pressures are hitting the company. Also, Teck is actively pursuing its strategy to increase its industry-leading copper growth. In fact, Teck's QB2 copper mine is one of the world's largest undeveloped copper resources. It has an initial life of 28 years with the potential for further growth. Lastly, Teck is [rebalancing its portfolio to low carbon metals](#). While these longer-term strategic goals are very positive for the company in the long run, there are some negative immediate cost implications as investments are made.

Finally, beneath this ongoing transition, Teck continues to generate strong cash flows as well as maintain its healthy balance. It trades at 4 times cash flow and 1 times book value, despite its healthy return on equity of 19%. Therefore, this undervalued stock could see massive gains in the next few years.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:IFC (Intact Financial Corporation)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:TECK.B (Teck Resources Limited)

PARTNER-FEEDS

1. Business Insider
2. Flipboard

3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. karenjennifer

Category

1. Investing

Date

2025/07/19

Date Created

2022/12/14

Author

karenjennifer

default watermark

default watermark