3 Domestic Stocks That Are Too Cheap to Ignore

Description

The TSX is coming from a loss (-8.66%) in 2022, but it was a good omen to see 10 of its 11 primary sectors advance on the first trading day of 2023. If you're anticipating a rebound this year, like most investors, there are excellent buying opportunities for you.

Among the domestic stocks that are too cheap to ignore right now are **Athabasca Oil** (TSX:ATH), **Ballard Power Systems** (TSX:BLDP), and **Exro Technologies** (TSX:EXRO). All three companies have visible growth potential that should translate to outperformance and higher returns from the individual stocks.

Robust free cash flow

Athabasca Oil trades at only $2.25 per share, but its trailing one-year price return is 102.5%. Market experts predict energy stocks to remain red hot in 2023, particularly industry players that will continue to generate robust free cash flow (FCF). This $1.32 billion energy company with a low-decline, long-life asset base has that capability.

The full-year results have yet to come out, but in the first three quarters of 2022, FCF climbed 88.5% year over year to $127.5 million. Notably, net income increased 12.4% to $82.6 million versus the same period last year. According to management, its prior advanced planning helped insulate the 2022 capital program ($150 million) from inflation.

Its president and chief executive officer (CEO) Robert Broen said, "Athabasca is positioned as a liquids-weighted producer with an exceptionally large resource base that is generating significant free cash flow."

Long growth runway

Ballard Power Systems is an undervalued stock vis-à-vis its long growth runway. For the first time in four years, this high-growth industrial stock didn't make it to the 2022 TSX30 List. While the current share price ($6.46) is 60% lower than its 52-week high of $16.14, market analysts' 12-month average price target is $16.98.

This $1.93 billion company develops and manufactures proton exchange membrane (PEM) fuel cell products. Ballard delivers fuel cell power to customers in markets such as heavy-duty motive, portable power, and material handling, including engineering services.

Ballard incurred a net loss of US$42.9 million in the third quarter of 2022, but management maintains a positive outlook. Its president and CEO Randy MacEwen said the company made significant progress across its verticals during the quarter. With new orders from customers worldwide pouring in, business growth should accelerate meaningfully soon.

Clean technology

Calgary-based Exro Technologies is pioneering intelligent control solutions in power electronics. This $288.93 million clean technology company develops new generation power electronics that expands the capabilities of batteries, generators, and electric motors.

Exro is still operating at a loss, but growth is on the horizon with innovative technologies, like the coil driver and cell driver. Both are scalable and flexible customer solutions that will increase performance and lower costs via a new generation of power electronics for electric vehicles and stationary energy storage.

The current share price is $1.98, and the price targets of market analysts in one year are between $3.33 (+68.2%) and $5 (+152.5%).

A high flyer and multi baggers

Athabasca Oil is a no-brainer buy if you're chasing a high flyer in the energy sector. Ballard Power Systems and Exro Technologies are potential multi-baggers, because their growth plans are firmly in place.

CATEGORY

1. Energy Stocks
2. Investing

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1. TSX:ATH (Athabasca Oil Corporation)
2. TSX:BLDP (Ballard Power Systems Inc.)

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