



2 Cheap Stocks I'd Buy Right Now

Description

As the market continues to hover around all-time highs, value investors remain challenged to find true value stocks.

In this article, I will discuss two [cheap stocks](#) that stand out in this market today.

They are value stocks, and one of them is a [high-yield dividend stock](#), suitable for long-term investing in a TFSA or an RRSP, where gains and income are tax sheltered and returns are therefore maximized.

Evertz Technologies ([TSX:ET](#))

Evertz designs, manufactures, and markets video and audio infrastructure solutions for television, telecommunications, and new media industries. This is an industry that is experiencing rapid change, and Evertz is well positioned to benefit from these changes.

This dividend stock, currently yielding a hefty 4.32%, is clearly a cheap stock, trading at 18 times this year's expected EPS — this at a time when growth rates are accelerating, proof of which we can see in the company's strong shipments and backlog numbers, which totaled \$122 million in the latest quarter (first quarter of fiscal 2019). Importantly, this number is significantly above historic levels of below \$100 million seen in past years.

So, in conclusion, this little-known stock offers investors a strong dividend yield that it supported with strong cash flows and a strong balance sheet.

And while an acquisition may be forthcoming, in the past the company has chosen to return some of this cash to its shareholders in the form of a special dividend. In fiscal 2017, Evertz paid dividends totaling \$137.5 million, of which \$83.2 million was a special dividend.

So, with a regular annual dividend of \$0.72 per share (4.3% dividend yield), the possibility of more special dividends and/or an acquisition in the future, as the company aims to make use of its strong balance sheet, and an attractive valuation (18 times this year's expected earnings), the stock is a good addition to investors' portfolios for growth and yield.

Linamar ([TSX:LNR](#))

Linamar stock is a little more known than Evertz, but still, I do not think it gets the credit it deserves.

Trading at a P/E multiple of just over three times this year's expected EPS, Linamar stock was hit hard when the NAFTA talks broke down and when the possibility of tariffs on the auto industry came to light.

But Linamar is a very well-run company, with above market sales and earnings growth. In fact, Linamar has achieved double-digit normalized earnings growth for the last eight years.

With a somewhat diversified business split between its Transportation business (74.1%) and its Industrial business (25.9%), Linamar's concerted effort for diversification has been a successful one.

The company's CEO is Linda Hasenfratz, who, over the years, has more than proven herself as deserving of her title. She has led the international expansion of the company and quadrupled the size of the company while maintaining profitability.

She saw the company through the 2008 economic crisis and not only survived, but grew market share at that time by focusing on manufacturing highly engineered metallic products for powertrain systems.

Frank Hasenfratz owns 23% of shares outstanding; Linda Hasenfratz owns 6%. Total insider ownership is 30%, so we clearly have a strong alignment between insider and shareholder interests — a very important point.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:ET (Evertz Technologies Limited)
2. TSX:LNR (Linamar Corporation)

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