



3 Top TSX Value Stocks That Are Dirt Cheap Today!

Description

The unfortunate thing for investors right now is that there's not a lot of value out there today. Valuations for stocks are near all-time highs based on certain metrics. Accordingly, those scrambling for pockets of value have to look long and hard to find what they're looking for.

The good news is the TSX does have some great companies with excellent value today. In this article, I'm going to highlight three of my top picks for value investors today.

Couche-Tard

One company I've been pounding the table on right now in terms of being an incredible value pick is **Alimentation Couche-Tard** (TSX:ATD.B). Indeed, the growth profile of Couche-Tard has lost its lustre with many growth-oriented investors. That said, the corresponding valuation dip we've seen of late is a great buying opportunity, in my view.

Couche-Tard is trading at around 15 times earnings and 10 times cash flow, despite a return on equity of 25%. For a company with its growth profile, this is dirt cheap. There are few places investors can get access to great long-term growth potential at these kinds of prices right now.

Couche-Tard has grown over the years via acquisition. Accordingly, with the sector still under pressure, and acquisition financing near all-time lows, some attractive growth opportunities could present themselves in the near term. I think Couche-Tard is one of those uniquely positioned growth stocks trading at a valuation that doesn't make sense. Fortunately, I'm talking about a valuation that's too cheap, rather than the absurd valuations of so many companies in high-growth sectors such as technology right now.

Restaurant Brands

Another "growth-at-a-reasonable-price" play has to be **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)). Though this stock does trade at a higher valuation relative to Couche-Tard, Restaurant Brands has

similarly excellent growth potential long term. The same catalysts apply to Restaurant Brands from a growth-by-acquisition outlook. I see this company acquiring another banner in the next year or two to help lessen the blow from the underperforming Tim Hortons franchise.

There's a ton of value to be had in Restaurant Brands from an income perspective as well. This is a stock with a healthy dividend yield of 3.6% today. I see future cash flow growth stimulating this dividend further. For those looking for income in retirement and defensiveness, this stock checks all the boxes.

Kirkland Lake Gold

Perhaps the best value option in the gold mining sector has to be **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). This is a company with fundamentals that can only be described as dirt cheap. Trading at only 13 times forward earnings and around 11 times cash flow, this stock is priced as though it has little growth potential.

Nothing could be further from the truth. Kirkland Lake has a portfolio of high-grade deposits globally, with a solid diversification thesis underpinning this stock. For gold bulls who believe, as I do, that gold has nowhere else to go but up given [the trajectory of central bank stimulus](#), this stock looks even cheaper today.

Kirkland Lake's stock price has dipped of late. I think part of this is due to a rotation away from gold stocks to other speculative hedges right now such as Bitcoin. Some of this may also be centered on the view that gold miners have traditionally been poor capital allocators.

Whatever the case is, I think Kirkland Lake is one of the best-managed gold miners out there. This company has a rock-solid balance sheet and fundamentals that are too cheap to ignore. I would highly recommend value investors worried about where valuations are right now to pick up shares of Kirkland Lake. This is the best opportunity in the gold mining space hands down, in my view.

CATEGORY

1. Dividend Stocks
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1. Gold
2. growth
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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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