# Got $2,000? The 4 Best Undervalued TSX Stocks to Buy Right Now

**Description**

Despite the strong buying in equities over the past 10 months, a few **TSX**-listed stocks appear attractive on the valuation front. I believe the recovery in demand and economic expansion is likely to fuel growth and drive these undervalued stocks higher in 2021 and beyond.



So, if you have $2,000 to invest, consider investing in these undervalued TSX stocks right now.

## Loblaw

Canadian food and pharmacy leader **Loblaw** (TSX:L) is an attractive value play. While food retailers could witness a deceleration in growth, as the demand normalizes from the easing of the lockdown measures, I believe Loblaw's continued investments in its digital business are likely to drive its same-store sales growth and push its stock higher.

Loblaw's doorstep delivery and pickup services are gaining traction. Meanwhile, connected healthcare offering, payments and rewards, and expansion of front-store offer online bode well for future growth. Loblaw is trading at a next 12-month (NTM) price-to-earnings (P/E) multiple of 12.9, which is lower than its peer group average and provides a good buying opportunity. In comparison, **Metro** and **Alimentation Couche-Tard** are trading at NTM P/E multiple of 15.4 and 15.7, respectively.

## Pembina Pipeline

Shares of energy infrastructure giant **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) are also looking attractive on the valuation front. Pembina is trading at an NTM EV/EBITDA multiple of 10.2, which is lower than its three-year historical average. Moreover, it is also trading at a lower multiple than its peers. For instance, **Enbridge** and **TC Energy** are trading at EV/EBITDA multiples of 12.3 and 11, respectively.

I expect Pembina Pipeline to gain from the recovery in volumes and pricing for crude and other liquid hydrocarbons. New projects are likely to support its growth. Meanwhile, its highly contracted business is expected to deliver robust fee-based cash flows that will drive its dividend payments. Pembina pays monthly dividends and offers a high yield of 7.2%.

## Capital Power

Next on my list is **Capital Power** (TSX:CPX) stock. It owns a diversified portfolio of power-producing assets that are contracted and generate strong cash flows. Its stock trades at an NTM EV/EBITDA multiple of 8.7, which is significantly below its peers. For instance, shares of **Algonquin Power & Utilities**, **Fortis**, and **Canadian Utilities** trade at an NTM EV/EBITDA multiple of 14.1, 12.1, and 10.4, respectively.

The increase in economic activities is likely to drive demand for power and support its stock. Further, Capital Power stock is expected to benefit from the continued strength in its base business. Its contract extension for Decatur Energy by 10-year and 20-year contracts for three solar development projects are likely to add significant value and drive its financials. Capital Power projects a 7% growth in its dividends for 2021 and offers a yield of 5.4%.

## Kinross Gold

**Kinross Gold** (TSX:K)(NYSE:KGC) stock is trading at an NTM EV/EBITDA multiple of 3.9, which compares favourably to **Barrick Gold's** and **Kirkland Lake Gold's** EV/EBITDA multiple of 6.1 and 5.0, respectively. Moreover, its NTM P/E ratio of 8.5 is also well below its peers.



While it is trading a discount, Kinross Gold expects its production to increase to 2.9 million gold equivalent ounces in 2023, reflecting a growth of about 20%. Meanwhile, its production cost of sales is expected to decline, which could cushion its margins and support its profitability. Kinross Gold stock has witnessed a healthy pullback, which presents an excellent buying opportunity for long-term investors.

**CATEGORY**

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2. Dividend Stocks
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4. Investing
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**TICKERS GLOBAL**

1. NYSE:KGC (Kinross Gold Corporation)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CPX (Capital Power Corporation)
4. TSX:K (Kinross Gold Corporation)
5. TSX:L (Loblaw Companies Limited)
6. TSX:PPL (Pembina Pipeline Corporation)

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