5 of the Best Cheap TSX Stocks to Buy Under $100

Description

The Canadian stock market could continue to remain volatile in the short term. However, the long-term growth story remains intact, reflecting economic expansion and recovery in demand. Thanks to the favourable long-term outlook, it's prudent to invest in fundamentally strong stocks trading at attractive valuations and have strong potential for growth.

Let's take a look at five such undervalued **TSX** stocks trading below $100 that could outshine broader markets and deliver outsized returns in the medium to long term.

Scotiabank

Scotiabank (TSX:BNS)(NYSE:BNS) stock has recovered sharply over the past six months on hopes of economic growth and revival in demand. Despite the recent buying in its stock, Scotiabank is trading at an attractive price-to-book value (P/BV) multiple of 1.4, reflecting a discount of about 18% from its peer group average of 1.7.

I believe the recovery in loans and deposit volumes and its exposure to the high-quality growth markets position it well to deliver impressive returns. Further, a decline in provisions is likely to cushion its earnings and support share repurchases and higher dividend payments.

Cineplex

Cineplex (TSX:CGX) stock has surged nearly 80% in the last six months, yet it is trading at a discount of about 44% from its 52-week high of $26.36. I believe the widespread vaccination and reopening of its entertainment venues and theatres could significantly boost its revenues, while its earnings could return to growth.

Cineplex expects to return to normal operating conditions by the second quarter of 2021, which is likely to support its revenues and earnings. Further, tight expense management is likely to cushion its bottom line and, in turn, its stock. Cineplex stock is trading cheap and is a highly attractive long-term bet.

Air Canada

I have said this before and reiterate that **Air Canada** (TSX:AC) stock could deliver stellar returns in the longer term. Air Canada stock is up about 65% in six months, and the uptrend is likely to sustain on hopes of recovery in demand amid ongoing vaccination.

I expect to see an improvement in Air Canada's financial numbers as the year progresses. Further, reopening of the international borders could give a significant lift to passenger demand and drive its revenues and cash flows. Moreover, momentum in its air cargo business and lower cost base are likely to support its bottom line and its stock price.

Suncor Energy

Like Air Canada, **Suncor Energy** (TSX:SU)(NYSE:SU) is expected to gain big from the recovery in demand. The reopening of the economy, higher average prices, and increase in volumes are expected to drive the recovery in its stock.

Moreover, Suncor's integrated business model, long-life assets, and reduction in costs bode well for future growth. Further, Suncor Energy's share buybacks and consistent dividend payments are likely to boost shareholders' returns.

Kinross Gold

Kinross Gold (TSX:K)(NYSE:KGC) is trading cheap. Its forward EV/EBITDA multiple of 4.1 is well below the peer group average multiple of 5.3. Further, its P/E multiple of 9.2 is also lower than its peers. Its strong fundamentals and low valuation make it a top long-term investment.

Kinross Gold is expected to benefit from higher production volumes and a decline in costs over the next three years. Moreover, recovery in gold prices could expand its margins significantly. Kinross Gold is also expected to enhance its shareholders' returns through regular dividend payments.

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2. NYSE:KGC (Kinross Gold Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:AC (Air Canada)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:CGX (Cineplex Inc.)
7. TSX:K (Kinross Gold Corporation)
8. TSX:SU (Suncor Energy Inc.)

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