2 Cheap Canadian Stocks to Buy in May

Description

Premium Brands Holdings (TSX:PBH) and **AutoCanada** (TSX:ACQ) are two Canadian stocks you might want to consider buying this month as they are very cheap. Indeed, these two stocks have a price/earnings to growth ratio (PEG ratio) under 1, which means they are undervalued. Let’s look at these two cheap stocks to buy in May in more detail.

Premium Brands Holdings

Premium Brands Holdings is a leading food processor stock. The company owns popular brands like Deli Chef, Harvest Meats, Piller’s, Freybe, and Expresso. It is a strong combination of specialty foods and a premium food distribution company. The Specialty Food segment primarily caters to niche markets and offers convenience and lifestyle. High-end food distribution focuses on logistics and targets restaurants, delicatessens, and institutions.

Premium Brands recently completed the acquisitions of Allseas Fisheries and Starboard Seafood. The company also owns a 50% interest in Clearwater Seafoods.

Premium Brands has experienced superior financial growth in recent years. Its revenues have grown by an average of 22% over the past five years. However, its net income was relatively slower, increasing 5% compounded annually over the same period.

Premium Brands’ premium food retail segment could see even higher demand after the pandemic. Its strong balance sheet could also continue to drive growth through acquisitions. Reopening hopes and higher quarterly earnings could further pave the way for Premium Brands’ shares to rise.

Company management views the pandemic and the ongoing restrictions as temporary and is confident about long-term growth after the pandemic. Its objective is to generate revenues of $6 billion by 2023, which implies an attractive growth of 15% compounded annually.

Premium Brands stock is very cheap, with a five-year PEG ratio of just 0.24. Shares have climbed approximately 20% year-to-date. Premium Brands should continue to soar due to its post-pandemic recovery outlook. This undervalued stock is one of the best stocks to buy now for its strong growth outlook.

AutoCanada

AutoCanada is the largest auto dealer group in Canada and its presence in the United States is growing. It sells new and used vehicles and spare parts, and provides maintenance and customer financing services.

In order to improve its internal growth and its margins, AutoCanada is strengthening its financing and warranty practices, increasing the rate of use of maintenance and repair bays, and deploying a new digital platform for the sale of used cars.

The multi-brand dealer group works at expanding the range of services it offers to vehicle owners and strengthening its relationships with automobile manufacturers.

Once a struggling company until 2019, AutoCanada stock has made a dramatic comeback after a painful restructuring exercise.

The Canadian automotive retail market is highly fragmented. Several family outlets and small dealers are scattered across the provinces. AutoCanada, the industry's only publicly traded player, is consolidating the market through acquisitions. The company is very active on the acquisition front, and results are accretive for both top and bottom results. A larger AutoCanada is proving more efficient as operating margins continue to increase.

With a five-year PEG ratio of just 0.70, AutoCanada stock is quite cheap. So while shares have more than doubled in value year t0 date, AutoCanada still has upside.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACQ (AutoCanada Inc.)
2. TSX:PBH (Premium Brands Holdings Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date
2025/08/15
Date Created
2021/05/09
Author
sbchateauneuf