



These 2 Undervalued Gems Are Ready to Take Off

Description

The economic reopening following a year-long pandemic signals things seem to be moving in a positive direction. Accordingly, many investors are now switching to more aggressive names, as inflation concerns are brushed off by the market today.

That said, it's always a good idea to have a stable of defensive value picks in one's portfolio. In this article, I'm going to highlight two [undervalued stocks](#) that I think are poised to take off. Here's why **Alimentation Couche-Tard** (TSX:ATD.B) and **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) should be on every investor's watch list right now.

Alimentation Couche-Tard

Analysts speculate that Couche-Tard will double its net profit in the coming five years. For growth investors, that sort of bottom-line growth is music to the ears.

However, Couche-Tard's share price certainly hasn't reflected this optimism of late.

In fact, Couche-Tard remains a [laggard](#) on a TSX, which just hit 20,000 for the first time ever today. That said, the company's growth profile for long-term investors remains intact. Additionally, Couche-Tard remains one of the best reopening plays on the TSX today. As we all begin driving again, gas station and convenience store sales should take off.

These factors make the company's dirt-cheap valuation of only 15 times earnings seem even more ridiculous. For long-term investors seeking total returns, Couche-Tard is one of the best ways to go. In addition to the capital appreciation upside with this stock, investors also pick up a small but meaningful dividend. What's not to like?

Kirkland Lake Gold

As far as gold miners go, Kirkland Lake has been atop my list for some time. Indeed, there are a number of reasons investors ought to be highly bullish on this long-term gem.

The gold miner is one of the leading mid-cap miners on the market right now for a variety of reasons. To start, Kirkland Lake's high-grade mines in favourable jurisdictions with limited geopolitical risk are some of the best in the world. Based on the company's existing production, Kirkland Lake produces operating margins that are among the best in class for its mid-cap peers.

These operating margins provide for cash flows that are otherworldly. Investors benefit from Kirkland Lake's cash flow growth in a variety of ways. However, with a lack of deal flow of late (Kirkland Lake still needs to replace some of its high-grade deposits), the company has been delivering massive dividend hikes to investors. However, value is returned to shareholders shouldn't be of concern to investors. Indeed, a dividend yield of nearly 2% at the time of writing is juicy, relative to the broader gold mining space.

From a valuation standpoint, I still can't understand why Kirkland Lake is so cheap. The gold miner trades at less than 16 times earnings, despite rapid growth on the company's bottom line. If this continues, I think Kirkland Lake could simply become too cheap to ignore at some point.

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TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)

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