
2 Top TSX Value Stocks to Pick Up at Dirt-Cheap Prices Today

### Description

Investors certainly have reason to believe a growth-to-value rotation is underway. After all, the data shows this is the case.

Accordingly, value stocks are now coming into focus for many investors. For those so inclined to seek out value today, these two top stocks are among the best in Canada. Here's why.



## Kirkland Lake Gold

The gold mining space is one that's filled with a tremendous amount of value. The reason for this? Years of mismanagement and poor capital-allocation decisions have deterred investors from buying gold miners for some time. Additionally, gold as a commodity class hasn't held its value as many investors expected of late.

For value investors, this is the perfect recipe to pick up some impressive long-term gains. Buying stocks when they're unfavourable is the right time to do so. And given the valuation of **Kirkland Lake Gold** (TSX:KL)(NYSE:KL), it's clear this is how the market continues to view gold miners right now.

Kirkland Lake trades at only 16 times earnings and roughly 10 times free cash flow, based on my estimates. That's dirt cheap for any company. However, for a company that's buoyed by rising gold prices, it's even more so.

Kirkland Lake's recent earnings show the power of rising gold prices on this miner's income statement and balance sheet. The company posted earnings growth of 38% (a ridiculous level for gold miners). Additionally, revenue grew by 68% year over year, and cash flows ballooned accordingly.

Kirkland Lake is a company that's continued to increase its dividend rapidly of late. This is a gold miner that is returning value to shareholders instead of spending it on ridiculously overpriced projects right now. For conservative fundamental investors, what more could one want from a gold miner?

In my view, adding exposure to high-quality gold stocks like Kirkland is a great move. Such a decision provides investors with stability and a level of portfolio defensiveness that's hard to find.

## Alimentation Couche-Tard

For long-term growth plays like **Alimentation Couche-Tard** (TSX:ATD.B), the pandemic has not been friendly to shareholders. Like other pandemic-stricken businesses, revenues and earnings for Couche-Tard have taken a hit, as we all drive less and less. Gas station and convenience store sales continue to suffer in this environment.

However, there's certainly hope for investors. The pandemic reopening thesis is very strong for companies like Couche-Tard. And when cash flows return to normal, investors can expect to see capital inflows once again into this growth play.

Until then, investors remain concerned about a lack of acquisition activity for Couche-Tard. A growth-by-acquisition play, Couche-Tard brings home the bacon in terms of M&A deals. With slower deal flow of late, investors don't have a lot to cheer about with this stock.

Accordingly, Couche-Tard's existing dirt-cheap valuation reflects these concerns. In fact, I believe the company's valuation more than reflects these concerns today.



Those bullish on brighter days ahead will certainly want to look at value stocks like Couche-Tard today.

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