3 Cheap Stocks That Could Double by 2022

Description

Investors have different definitions for "cheap stocks." Some believe a low price per share is cheap, while others think of it as a valuation metric. Fortunately, some cheap stocks meet both definitions.

Here are the top three cheap stocks that could deliver substantial returns by next year.

Cheap stock #1

WELL Health Technologies (TSX:WELL) has been growing faster than its stock price indicates. The stock trades at a mere $7.3 right now. That makes it cheaper than a takeout meal. Meanwhile, it's also fundamentally cheap. According to management, the annual revenue run rate is $400 million right now. Meanwhile, the company's market value is just $1.5 billion. That means the stock is trading at a price-to-sales ratio of 3.75.

Simply trading at a fair value would double the stock price.

Most software and telehealth stocks trade at valuation ratios far higher. That's because there's simply so much room to grow in this market. Healthcare in North America alone is a multi-trillion-dollar industry. WELL Health has plenty of capacity to acquire more startups and consolidate this market further.

That's what makes this cheap stock an ideal buy for 2021.

Cheap stock #2

HIVE Blockchain Technologies (TSX:HIVE) is another cheap stock that should be on your radar if you're seeking hyper-growth. The Bitcoin miner has had a phenomenal run over the past year. However, even though Bitcoin has lost half its value, HIVE remains in a favourable position.

BTC's current value is still far higher than HIVE's cost of production. Meanwhile, China's clampdown on local miners has reduced competition significantly. In other words, HIVE's operations are as profitable as ever.

That's why the stock is trading at a mere 29.4 times earnings per share right now. Earnings should stay elevated if BTC remains range bound. If BTC's price escalates, the underlying crypto holdings will be worth more. In other words, the $3 stock could quickly double if Bitcoin regains its momentum by 2022.

Keep an eye on this cheap stock.

Cheap stock #3

Sun Life Financial (TSX:SLF)(NYSE:SLF) is an odd one to add to this list. It isn't a small, hyper-growth tech company. However, it is severely undervalued. At the moment, Sun Life stock trades at a price-to-earnings ratio of just 13. That implies an earnings yield of 7.7%!

A 7.7% earnings yield and a 3.4% dividend yield should be irresistible to investors. After all, interest rates are at record lows, Canadian financial firms are outperforming, and tech stocks are way too overvalued. Stocks like Sun Life need a better valuation. The stock could double if it simply gets a better valuation by next year. A P/E ratio of 25 to 30 seems fair.

This cheap stock could remain cheap. But if it keeps compounding at its 7.7% earnings yield it could double intrinsic value in less than 10 years. That should make it a top pick for any long-term investor.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:SLF (Sun Life Financial Inc.)
2. TSX:WELL (WELL Health Technologies Corp.)
3. TSXV:HIVE (Hive Blockchain Technologies)

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Date
2025/08/23
Date Created
2021/07/29
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