Got $1,000? 2 Undervalued TSX Stocks That Could Erupt

Description

The **S&P/TSX Composite Index** rose 58 points on August 10. Savings rates in Canada rose over the course of the COVID-19 pandemic, even as citizens faced harsh economic challenges. This means that many Canadians have some extra cash to spend. Today, I want to look at two discounted TSX stocks that are worth your attention as we approach the midpoint in August. Let's jump in.

This TSX stock has plunged 10% over the past month

Pollard Banknote (TSX:PBL) is a Winnipeg-based company that manufactures and sells a range of gaming products and services for the lottery and charitable gaming industries around the world. Back in May, I'd discussed why this TSX stock had the chance to double over the next year. Its shares have climbed 29% in 2021 as of close on August 10. However, the stock has dropped 10% month over month.

Investors can expect to see the company's second-quarter 2021 results in the coming days. In Q1 2021, Pollard Banknote reported sales growth of 10% year over year to $112 million. Meanwhile, it delivered net income of $7.5 million, which improved from a net loss of $1.3 million in the first quarter of 2020. Adjusted EBITDA surged 45% from Q1 2020 to $23.3 million.

The key drivers for Pollard's growth were its instant ticket business as well as growth in its iLottery operations. Revenue in this space nearly tripled from the previous year. This TSX stock last had a price-to-earnings ratio of 28, putting it in solid value territory relative to industry peers. Moreover, it offers a quarterly dividend of $0.04 per share. That represents a modest 0.3% yield.

Why Jamieson is geared up for big long-term growth

Jamieson Wellness (TSX:JWEL) is a TSX stock I've been bullish on since its initial public offering all the way back in 2017. This Toronto-based company is the country's leading branded manufacturer, distributor, and marketer of natural health products. Shares of Jamieson have dropped 4.9% in 2021. This TSX stock dipped sharply in late May and early June. I'd previously suggested that investors should look to buy the dip.

The COVID-19 pandemic has bolstered health conscientiousness among domestic and global consumers. This is especially true among older demographics, which made up the core of Jamieson's customer base. The company unveiled its second-quarter 2021 results on August 6.

Revenue rose 18.6% year over year to $110 million. Meanwhile, adjusted EBITDA climbed 17.6% to $22.3 million. Jamieson also posted adjusted net earnings growth of 21.8% to $12 million. The company's internal data showed that the pandemic has concretely embedded health and wellness into consumer's minds for the long term. This is good news for Jamieson and its peers.

This TSX stock possesses a P/E ratio of 32. That puts Jamieson in favourable value territory relative to its top competitors in this space. It last increased its quarterly dividend to $0.15 per share. This represents a 1.7% yield. Investors should look to snatch up this promising TSX stock, which offers nice value at the time of this writing.

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