2 TSX Bargains to Buy This Instant

Description

In any kind of market environment, there are always TSX bargains lying around somewhere. Although volatility has been tame in recent months, there are still mispriced stocks that aren't nearly as expensive as they could be. And in many cases, some of the better opportunities are hiding in plain sight.

In this piece, we'll have a look at two cheap companies with valuations that are far too low given their promising forward-looking trajectories.

Both names have not only seen their valuations become more attractive but due to dividend hikes outpacing capital appreciation, each name now commands a dividend yield that's tilted towards the higher end of the historical range. While swelling yields may be a symptom of a firm that's lost a step or that is transitioning from a growth darling to a stalwart, I find nothing to be wrong with either firm's growth story.

Quebecor

In the case of **Quebecor** (TSX:QBR.B), its growth profile has never looked this good. The Canadian telecom which has primarily stayed within to confines of its home market of Quebec is pursuing an ambitious expansion into provinces that have been dominated by the Big Three incumbents.

Could Quebecor disturb the Big Three and provide a better deal for all Canadian consumers?

Only time will tell, but it's clear that investors don't like the firm's expansion ambitions. Investors were quite content with the firm playing in its home court, even if it meant leaving some growth on the table. Why? Quebecor's growth ambitions are not going to be cheap. It'll come with significant investment, and there's no guarantee that Quebecor will fare well against the Big Three.

In a way, it's an uphill battle that could take a toll on Quebecor's incredible return on invested capital) numbers. Still, the valuation is depressed and seems to suggest that Quebecor's ambitions will most likely come up short. I think investors should give management a chance. They could really grow the top line and potentially without severely impacting the firm's solid ROIC.

At 14.5 times earnings, I'd argue that the stock has limited downside and a new world of upside in case things do go right with its potential expansion into new markets. The 3.5% dividend yield doesn't seem all that high. But for a firm that previously commanded a less than 2% yield, I'd argue that there's a lot of value to be had in the name that could serve up huge dividend hikes for years to come.

The stock hasn't gone anywhere for two-and-a-half years. I think those that give the lesser-known $7.7 billion company a chance have a lot to gain.

Canadian Tire

Canadian Tire (TSX:CTC.A) is a retailer that strikes me as a TSX bargain to scoop up by the holidays. The company doesn't get the respect it deserves, even after proving the short-sellers wrong through the worst of last year. The financial services business is holding up, and the company has seen retail sales recover remarkably, thanks to its incredible e-commerce platform, which enjoyed record growth amid the pandemic.

Short-sellers criticized the financial segment and e-commerce. These days, they're nowhere to be found. With enough liquidity to continue pursuing M&A opportunities, I'd argue that there's a realistic means to accelerate growth in this robust, recovering economy. The stock trades at 12.7 times earnings with a 2.5% yield. Like Quebecor, investors have soured on the name, despite the brighter road ahead.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:QBR.B (Quebecor Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/17
Date Created
2021/08/30
Author
joefrenette