2 Undervalued Stocks to Buy Now

Description

Some shares on the **TSX** trade below their intrinsic values. Also, the current performances don't reflect the growth potentials, but they should be obvious. I suspect that **Alimentation Couche-Tard** (TSX:ATD.B)(TSX:ATD.A) and **WELL Health Technologies** (TSX:WELL) are tops on the list of value investors.

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Market analysts maintain either a buy or strong buy ratings for the consumer-defensive stock and healthcare stock. Their respective businesses should flourish in the post-pandemic. You won't regret taking positions in this pair of undervalued stocks.

Ready for the future

The top-notch player in the convenience store industry is super attractive to value, risk-averse, and growth investors. Couche-Tard displays resiliency once more during this challenging period. It operates 9,189 convenience stores in North America, where 8,042 stores also dispense road transportation fuel.

Couche-Tard's Europe and Asia retail networks consist of 2,722 and 344 stores, respectively. The $52.65 billion company is behind popular brands like Couche-Tard (flagship in Canada), Circle K (global), and Ingo (Denmark and Sweden). Management's vision is to become the world's preferred destination for convenience and fuel through iconic brands.

In Q1 fiscal 2022 (quarter ended July 18, 2021), Couche-Tard reported US$13.58 in total revenue, a 39.9% growth from Q1 fiscal 2021. The adjusted net earnings, however, slid 4.7% to US$758 million. Despite the slight decline, management said the company maintained healthy margins.

The primary focus for the rest of fiscal 2022 is the core convenience and mobility business. Apart from innovating payment options for customers, Couche-Tard uses advanced data analytics to localize pricing, promotion, and assortment. The foray into the cannabis space should be a growth catalyst.

Couche-Tard increased its ownership stake in **Fire & Flower** to approximately 22.4%. The weed stock has an 88.22% upside potential in the next 12 months based on analysts' forecasts. Meanwhile, current Couche-Tard investors enjoy a 13.85% year-to-date gain on top of a modest 0.71% dividend.

Alain Bouchard, Alimentation Founder and Executive Chairman of the Board of Directors, said the company is continuously innovating. He adds that after taking some big swings at growth this year, Couche-Tard is ready for the future.

Expanding footprint

WELL Health's underperformance (-8.94% year to date) belies the massive growth potentials of the healthcare stock. However, market analysts are bullish and recommend a strong buy rating. They forecast the current share of $7.33 to climb 61.1% to $11.81 in the next 12 months. Their maximum price target is $14.25 (+94.4%).

WELL invests primarily in the advancement of digital health modernization in Canada. The $1.5 billion company's goal is to reduce fragmentation in the healthcare sector and enhance digital interoperability in the healthcare system. It's now the country's largest outpatient medical clinic owner-operator.

Management hasn't stopped pursuing opportunities since acquiring MyHealth Partners in July this year. WELL's CRH Medical increased its ownership stake (51%) in Greater Washington Anesthesia Associates in August 2021. The company is due to acquire Aware MD, an enterprise-class electronic medical records (EMR) provider that delivers high-quality patient care in cardiology.

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Long-term investments

Alimentation Couche-Tard and WELL Health Technologies are undervalued stocks. The companies have yet to reach their full potentials despite their established footprints. Both are excellent long-term investments for future growth. The time will come when they fulfill their visions for their respective industries.

CATEGORY

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