3 Cheap Stocks That'll Help You Retire Early

Description

Key points

- Everyone has gone to at least one fast-food restaurant this year, pandemic or no. And it was likely one from one of the companies below.
- During a recession or burgeoning economy, everyone will continue to seek a cheap price for everyday items.
- Convenience is convenience. When you need gas or milk, one company will continue to be there — and for everything else, too.

Cheap stocks may be a great headline, but let me start off with one thing right away: *cheap* is very different from a bargain. Cheap can mean it's just a low price, whereas a bargain means you're getting a great price for a solid company.

So, when it comes to finding *bargain* stocks, here are three solid long-term options for Motley Fool investors to consider. Not only are they a great price and won't cost a fortune, but you can also you can put them aside for absolutely decades of incredible growth.

1. Restaurant Brands

Trailing P/E ratio: 28. **Forward-looking P/E ratio:** 21

The restaurant industry was certainly shaken up by the pandemic. And it doesn't look like there will be a huge uptick anytime soon. However, companies like **Restaurant Brands** (TSX:QSR)(NYSE:QSR) managed to weather the storm and have come up with innovative methods of allowing customers to remain loyal.

During its last earnings report, Restaurant Brands saw accelerated growth, up 4% compared to *2019* levels, not just 2020! Therefore, it's now looking a pre-pandemic growth, opening 378 net new restaurants in the first half of the year, with digital sales up 60% year over year. Furthermore, the board approved a $1 billion buyback program.

Now, earnings are around the corner for one of the top cheap stocks on the **TSX** today. Shares are up just 5% from last year, with a 3.53% dividend yield and 16% potential upside decided by analysts for the next year. Given that it’s already returning to pre-pandemic levels, this is a solid long-term stock to buy at today’s bargain price.

2. Dollarama

Trailing P/E: 29.7. **Forward-looking P/E**: 24.3

Dollarama (TSX:DOL) had plenty working against it during the past two years. The company was certainly not one of the cheap stocks to buy at the time before the crash. Shares climbed to all-time highs, as the company expanded into Latin America and opened a record number of store locations. However, the market *did* crash. Yet today, shares are near all-time highs, as the company opened its doors after the last round of lockdowns.

With vaccination rates getting higher and higher, people are flocking back to Dollarama. In fact, during its earnings report last month, the company saw 1.6% sale growth to over $1 billion, hampered by a non-essential product sales decline due to Ontario’s lockdown. EBITDA increased 5.7% year over year, with 13 net new stores opening.

It was a challenging quarter, but now Dollarama is one of the best cheap stocks to buy for the back to school and holiday season. As the economy reopens, it’s likely to see incredible growth in the next few months. And given that we all love cheap stuff (case in point: this article), Dollarama is sure to be around for decades more.

3. Alimentation Couche-Tard

Trailing P/E: 15.5. **Forward-looking P/E:** 16.5

Finally, definitely add convenience titan **Alimentation Couche-Tard** (TSX:ATD.B) to your retirement list. The company is far below where it should be, despite reopening further and further in this pandemic environment. The company saw a decline from both lower gas prices and fewer sales. Yet now the opposite is true.

Alimentation continued to make solid acquisitions around the world, including Asia and Norway. It’s one of the best cheap stocks that saw massive growth in operations, even during the pandemic. Net earnings came in at $764.4 million during the latest quarter, and adjusted net earnings were at $758 million, down from last year. However, on a global basis, convenience locations are starting to get up and running once more. Total merchandise and service revenue, for example, exploded to $4.1 billion — up 5.4%. And management repurchased shares totaling $299.2 million.

Shares of Alimentation are up 11.5% year to date but have been stable since the last earnings report. It’s one of the cheap stocks that will see a major rebound post pandemic, providing solid and stable income for decades. The potential upside by analysts now sits at 16.7%, offering substantial growth in the year to come and sales return to normal levels.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:QSR (Restaurant Brands International Inc.)

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Date
2025/06/29
Date Created
2021/10/22
Author
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