
# Retire Early With These 3 Cheap Stocks

### Description

## Key points

- We all need to eat, and if you hope to do so in the future you'll want one of these stocks on hand.
- Mega brands came out on top during the pandemic, but some smaller companies managed to grow at record levels.



If you're here, it's likely because you like bargains. Despite telling Motley Fool investors these are going to be cheap stocks (don't worry; they are!), I want to be clear: cheap doesn't mean valuable. But in the case of these three cheap stocks, you're getting value and not just low share prices.

With that in mind, these three cheap stocks are solid long-term holds for your portfolio — especially if you're thinking about retirement. Each has a long history of growth and a solid future outlook to boot.

## 1. Nutrien

**Trailing P/E ratio:** 41.46. **Forward-looking P/E ratio:** 13.91.

It's a hard time for the food industry and cheap stocks like **Nutrien** (TSX:NTR)(NYSE:NTR). The company faces supply-chain issues, food prices are rising, and a shortage of arable land makes this a difficult time during the pandemic. Yet even during this time, Nutrien stock managed to report record earnings during its last report.

The company stated it earned record adjusted EBITDA of $3 billion during the first half of 2021 — an increase of 36% year over year. Further, it raised its full-year guidance to between $6 and $6.4 billion for the year. Digital sales also increased, showing the company's ability to adapt.

Earnings are coming up again on Nov. 1. Investors will be able to see if Nutrien can keep its record goals on the TSX today. Its P/E is higher at this point, but its EV/EBITDA remains valuable at 17.5 at writing.

## 2. Canadian Tire

**Trailing P/E:** 14.23. **Forward-looking P/E:** 15.72.

**Canadian Tire** (TSX:CTC.A) managed to prove its worth during the pandemic. Yet many wonder how cheap stocks like this one managed to survive. The answer is simple: it's using its smaller size compared to major companies to create a thoughtful approach to its growth strategy. This includes in-house brands, including SportChek and Mark's.

Canadian Tire hit record after record yet again last quarter. It was the fourth consecutive quarter of "exceptional" retail segment earnings, with e-commerce sales up 34% year over year. It just goes to show this has become a defensive stock in a time when many wondered how the Canadian retailer would survive.

With a third of our stores impacted by closures, and many more subjected to restrictions during the quarter, our customers embraced our digital channels, driving e-commerce sales to record levels and doubling the volume of orders compared to last quarter," said Greg Hicks, president and CEO, Canadian Tire Corporation. "Demand for our Owned Brands reached 38% of total sales across our Canadian Tire, SportChek and Mark's banners and helped drive our strong product margins."



## 3. Spin Master

**Trailing P/E:** 28.29. **Forward-looking P/E:** 18.62.

According to the P/E ratio, **Spin Master** (TSX:TOY) doesn't look like a deal. But if Motley Fool investors look at the company's EV/EBITDA, it sure does at 15.93. It's definitely one of the cheap stocks I would consider for retirement, especially with its unfair share price.

Spin Master continues to drive strong revenue growth, yet many worry it will be hampered by supply chain demands. But I have news for Motley Fool investors. The company's main growth drivers are all digital, including its booming digital games industry. This has *zero* to do with supply chain and will continue seeing strong growth.

Sales may not be as strong as it hopes during the holidays. But it will still be far and away better than the pandemic. Just look at the last earnings report. Total revenue rose 39% year over year, with gross profit up to US$209.9 million, making up 53.7% of total revenue compared to 42% the year before. And on the eve of its next quarter, it announced Spin Master Ventures.

“The pace of innovation within the toys, entertainment and digital games industries is accelerating rapidly and by investing with a long-term view in leading ventures with promising ideas, we can increase our access to potentially game-changing thinking and concepts,” said Co-Founder and Board Chair Ronnen Harary. The new venture will allocate $100 million to start funding internal resources on the TSX today.

**CATEGORY**

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**TICKERS GLOBAL**

1. NYSE:NTR (Nutrien)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:NTR (Nutrien)
4. TSX:TOY (Spin Master)

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