These 2 Cheap Stocks Are Perfect Stocking Stuffers

Description

Cheap stocks have to be some of the best addons to your holiday wish list. And right now is a great time for Motley Fool investors to consider long-term buys. The **S&P/TSX Composite Index** continues to be weighed on by increasing inflation and the Omicron variant of COVID-19. Yet this provides a stellar jump-in point for some pretty great companies.

I'm going to cover two of those companies today. Each are cheap stocks, even after some positive momentum has come their way. Let's get right to it.

Retail rebound

The first up on my list has to be **Roots** (TSX:ROOT). Roots came in above expectations during its latest quarterly report. The company brought in $10.8 million in earnings, up from a profit of $10.3 million last year. That profit comes to $0.25 per diluted share, up from a $0.24 profit the year before, with sales reaching $76.3 million.

Analysts expected a lower adjusted profit, and what's more, Roots management stated there's more growth in the company's future. Its brand awareness is finally getting traction, and not just in Canada for cheap stocks like Roots. The fourth quarter should be full of strong performance thanks to Black Friday and holiday sales. Luckily, the company doesn't seem concerned about supply chain disruptions, having healthy inventory in-store and online.

Analysts already started to bump their target price for Roots, though its average is at $4.54 as of writing. That would create a potential upside of 41%. That's on top of the 12% boost that came in on Tuesday. And while there are short-term supply chain and inflation issues, Roots seems well equipped to manage them. Instead, it could benefit from higher price increases and promotional discipline, according to analysts.

Shares of Roots are up 32% year to date, trading at $3.26 as of writing. It offers a price-to-earnings ratio of 8.19 and EV/EBITDA of 4.65.

Renew your investment

Motley Fool investors were all ears when it came to renewable energy investment in the new year of 2021. But it didn't last long, with renewable energy companies seeing a massive drop in share price. As the TSX continues to slump, I'd say that offers a great chance to get in on these cheap stocks before there's a massive recovery.

And there will be a recovery. Private and public investment continues to flood these cheap stocks with investment. That includes **GFL Environmental** (TSX:GFL), where analysts believe the opportunity is "evident." The company announced it's entered a joint venture with OPAL Fuels to create two solid waste landfills for renewable natural gas. It will then work on a further four sites in the near future.

Yet this is supposed to be only the beginning, with GFL planning up to 23 sites over the next few years. These first six projects should bring in free cash flow of more than $83 million, according to analysts, and caused them to raise their targets for the company — up to $65, in some cases. That makes it one of the best cheap stocks to buy today.

Shares of GFL are up 21% year to date, and this recent increase would provide a potential upside of 39%. The company currently trades at a P/E ratio of 1.99.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:GFL (GFL Environmental)
2. TSX:ROOT (Roots Corporation)

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. alegatewolfe
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/07/21
Date Created
2021/12/15
Author
alegatewolfe