



## 4 Incredibly Cheap TSX Stocks to Buy for the New Year

### Description

Despite the **TSX Index** hitting new record highs in 2021, there are still plenty of stock bargains today. You may need to be patient and not mind volatility, but here are four incredibly [cheap TSX stocks](#) set to outperform in 2022.

### Suncor: A top TSX energy stock

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) is in a strong position in 2022. While the stock rose 55% in 2021, it still underperformed most TSX energy peers. Despite very solid oil fundamentals (WTI oil is trading over US\$75 per barrel), Suncor still trades at a 25% discount to its pre-COVID-19 levels. It only trades with a forward price-to-earnings (P/E) of seven!

Suncor has faced several operational problems in the past few years. However, it appears these issues are resolving. Right now, this TSX stock is yielding significant amounts of cash that it is using to reduce debt and buy back stock. It just doubled its quarterly dividend and now yields an ample 5.3%. For income and substantial capital upside, Suncor could be on the brink of something good this year.

### Northland Power: A cheap renewable stock

Another TSX [dividend stock](#) on the opposite spectrum of the energy industry is **Northland Power** ([TSX:NPI](#)). It operates and develops renewable power assets in North America, South America, Europe, and Asia. This company has a unique focus on offshore wind, which is one of the fastest-growing renewable segments.

This TSX stock fell 18% in 2021. But you need to think long term with this stock. It has a large opportunity to more than double its power-generation capacity over the next five years. Some analysts expect a 10% EBITDA compounded annual growth rate (CAGR) all the way to 2028. The stock only trades with an enterprise value-to-EBITDA ratio of 13, which is cheap compared to most peers. It also pays a solid 3.1% dividend.

## Brookfield Business Partners: A private equity stock

**Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)) is the private equity arm of **Brookfield Asset Management**. It is probably the least talked about Brookfield stock. However, this cheap TSX stock is interesting. It focuses on acquiring and growing businesses across healthcare, manufacturing, utility services, and even technology. Most of its business are sector leaders, highly cash flow generative, and they have strong competitive moats.

BBU believes it can effectively grow its portfolio and earnings by around 15% a year (or even better). That would essentially double its size in about five years. This TSX stock only trades with a P/E of 11. It appears growth is outpacing its valuation, so that should present a nice value opportunity!

## Alimentation Couche-Tard: A top TSX retail stock

Another interesting TSX value stock is **Alimentation Couche-Tard** ([TSX:ATD](#)). Over the past decade, the company has done an amazing job [acquiring](#) and integrating convenience stores under its branded Circle K and Ingo franchises.

This is a rebound play out of the pandemic. One day (hopefully), people will travel again. Its convenience stores are a prime stop for purchasing travel merchandise and fuel. While acquisition growth has recently slowed, Couche-Tard is focusing on organic growth opportunities (EV charging stations, fresh food offerings, new locations).

It has grown earnings per share by a CAGR of 18% over the past few years. During that time, it has generated a tonne of free cash that it has used to buy back stock. Today, it trades with a P/E of only 16.5. This is below its earnings growth rate. Consequently, this cheap TSX stock looks like it could be set for a rebound in 2022 and likely beyond.

### CATEGORY

1. Investing
2. Stocks for Beginners

### POST TAG

1. Editor's Choice

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:BBU.UN (Brookfield Business Partners)
5. TSX:NPI (Northland Power Inc.)
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