Retire Early: These 2 TSX Stocks Are Attractive Again!

Description

Are you looking for value stocks that could result in tremendous upside? Here are two **TSX** stocks that have become attractive again. Consider **Brookfield Business Partners** (TSX:BBU.UN)(NYSE:BBU) and **CCL Industries** (TSX:CCL.B) right now! Buying them at these cheap levels can allow you to retire way earlier than planned, especially if you take advantage of TFSA or RRSP room.

A growth stock trading at a value

Brookfield Asset Management manages BBU and owns a large stake of the global business services and industrial company. BBU owns and operates high-quality businesses that provide essential products and services. It would also consider selling these business stakes after it has improved their operations.

BBU aims for long-term returns of 15-20% on its investments. In the last five years, it bought 20 businesses and realized an average rate of return of approximately 30% across nine businesses sold!

Last year, it increased its adjusted EBITDA, a cash flow proxy, by 27% to US$1,761 million. As well, in 2021, it committed US$2.2 billion of capital to acquire six businesses. For the year, it experienced adjusted EBITDA growth for all three business segments. Particularly, its business services segment experienced the greatest growth by doubling its adjusted EBITDA. At the end of 2021, it had strong liquidity of US$2.2 billion at the corporate level.

You're not going to get much yield from BBU, because management is focused on value creation through reinvesting earnings for growth. However, it does pay a quarterly dividend, which is good for a yield of about 0.6%.

BBU just corrected about 21% from its 52-week high. Scotia Capital analyst Phil Hardie just raised BBU's price target to US$58 last month, while the consensus 12-month price target across three analysts is US$65.61. This implies the growth stock is a bargain at a discount of approximately 38%. In other words, the near-term upside potential is roughly 60%!

Another value stock on the TSX

CCL Industries is another industrial stock that looks cheap. The TSX stock has corrected about 22% from its 52-week high. In late February, Scotia Capital analyst Mark Neville set a 12-month price target of $79 on the stock. This agrees with the consensus price target of $78.50 across eight analysts shown on Yahoo Finance. This target represents a discount of 26% and respectable upside potential of roughly 36% in the near term.

For an industrial stock, CCL.B has high-quality earnings. Its earnings per share have increased every year since 2010. Additionally, its dividend is well protected with a low payout ratio that's estimated to be about 28% this year. The dividend stock is also a Canadian Dividend Aristocrat that has increased its dividend for roughly 20 years. Its five-year dividend-growth rate is 16%.

In 2021, CCL Industries increased sales by 9.4% on 11.8% organic growth and 2% acquisition growth that was offset by a 4.4% negative currency translation. Strong organic growth is always a positive trait. This resulted in operating income growth of 8.2% with an operating margin of 15.5% that was down 0.20% versus 2020.

In 2021, it invested $234.4 million in nine acquisitions and $306.9 million in capital spending, but it still ended the year with a strong balance sheet. Cash on hand was $602.1 million. As well, it had US$1.19 billion of undrawn capacity from its credit facility.

As a result, management is increasing the dividend by 14.3% this month. This equates to a decent yield of 1.66% to add to total returns.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:BBU.UN (Brookfield Business Partners)
3. TSX:CCL.B (CCL Industries)

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