2 Cheap Canadian Stocks That Are No-Brainer Buys

Description

As central banks continue to increase interest rates and stocks sell off, there's no shortage of high-quality Canadian stocks that are extremely cheap. Unfortunately, in many cases, investors don't realize what a significant opportunity these pullbacks are until years later after the market has recovered.

The main reason why investors don't take full advantage of these situations and pull the trigger in these environments, though, is due to too much concentration on the short term and fear that the market environment could worsen before it gets better.

However, if you're looking for quality stocks that you plan to hold for the long haul, how these stocks perform in the short term doesn't necessarily matter. And when trying to buy these stocks at the lowest price, the very bottom is extremely challenging to predict.

So as long as you believe the stock is high quality and the price today offers compelling value, then you should look to buy these Canadian stocks now.

The two topflight Canadian stocks listed below have now become so cheap that they are easily some of the best to buy today.

A high-quality defensive growth stock to buy on the dip

Many defensive growth stocks have been some of the most resilient stocks you can buy. But while **GFL Environmental** (TSX:GFL)(NYSE:GFL) is also a defensive stock, because it's also a rapid growth stock, it's lost some significant value.

This makes the massive environmental services company one of the more enticing stocks you can buy now. Its core operations, such as non-hazardous waste management, are highly defensive, and it continues to grow by acquisition, building out its footprint and finding synergies.

In fact, GFL is now the fourth largest environmental services company in North America and continues to have significant growth potential both organically and by acquisition.

Furthermore, its defensive operations give GFL significant pricing power. This means it can pass on increasing costs to its customers, another reason it's one of the best Canadian stocks to buy while it's cheap.

The stock's earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to grow by more than 17% this year and over 13% next year. So the fact that it now trades at a forward enterprise value (EV)-to-EBITDA ratio of just 11.8 times makes it a compelling investment. Just a year ago, the stock was trading at a forward EV to EBITDA of 13 times. And keep in mind that this indicator of whether a firm is undervalued or overvalued is typically higher for high-growth industries.

So when you consider how reliable GFL is and its growth potential over the next few years, it's not surprising to see that all six analysts that cover the stock rate it a buy. In addition, its average target price of $50 offers more than 30% upside, a significant value for such a defensive business.

So if you're looking for cheap Canadian stocks to buy now, GFL is certainly one of the top values out there.

An unbelievably cheap Canadian stock

Another Canadian stock offering tonnes of growth potential at an incredibly cheap price is **WELL Health Technologies** (TSX:WELL).

WELL has been cheap for some time now, but in recent months, it's continued to lose value and has become one of the cheapest stocks in Canada.

The healthcare tech stock has fallen completely out of favour now that the pandemic is in the rearview. Yet despite appetite from investors fading, WELL continues to perform exceptionally well, and the recent acquisitions it's made have provided significant organic growth.

Encouragingly, management has reiterated its guidance higher on more than one occasion this year. So as the company continues to perform well and grow while its stock continues to decline, WELL is quickly becoming one of the best cheap Canadian stocks to buy.

Today, it trades at a forward EV-to-sales ratio of just 1.9 times. Meanwhile, since being upgraded to the TSX in January 2020, it's had an average forward EV-to-sales ratio of 6.4 times.

So it's no surprise that, just like GFL, all six analysts covering WELL have the stock rated a buy. However, the average analyst target price of $8.64 is more than a 160% premium from where it trades today.

So if you're looking to buy the dip and find top Canadian stocks while they are cheap, WELL Health Technologies might be the deal you're looking for.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:GFL (GFL Environmental)
2. TSX:GFL (GFL Environmental)
3. TSX:WELL (WELL Health Technologies Corp.)

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