Forget Air Canada (TSX:AC): 2 TSX Bargain Stocks to Buy Instead

Description

Over the last few weeks, almost every stock on the **TSX** has gone on sale, prompting savvy investors to go on a buying spree. This is a prudent move by investors with a lot of cash, as many of these valuations haven't been this cheap in years.

While the degree of decline in stocks is different across industries, many stocks are offering investors significant discounts.

One stock that has gotten a lot of attention throughout this crisis is **Air Canada** (TSX.AC)(TSX:AC.B)

Similar to many airline companies around the world, Air Canada's operations have almost ceased completely. The company has had to halt roughly 90% of its flights, severely affecting its operations.

While Air Canada does have adequate liquidity to weather the storm, it's unclear exactly how long travel restrictions will remain in place, which could be problematic for Air Canada.

The uncertainty for investors is what makes Air Canada a tough investment. Although the discount is attractive, the risk is massively increased.

Rather than taking on all the additional risk for a bigger bargain than most stocks, stick to these two bargain TSX stocks, which have much better value.

Media TSX stock to buy

One of the cheapest stocks on the TSX in the last few weeks has been **Corus Entertainment Inc** (TSX:CJR.B). Corus is an entertainment and media company that owns television channels, radio stations and produces its own content.

The stock has declined substantially in the last month as investors grapple with the uncertainty of its business operations. Investors and analysts are concerned with the potential drop-off in advertising revenue.

Advertising revenue makes up roughly 65% of Corus' total business, so there is a significant amount of business at stake. However, in past recessions such as the one we experienced in 2009, advertising revenue only dropped roughly 10% and only for one year. Of course, this time around is much different, and many people are stuck inside in lockdown mode.

The major sell-off is a result of these concerns creating a significant opportunity. And when you look past the short-term headwinds, long-term Corus is exceptionally cheap.

In 2019, Corus had $0.85 per share in earnings and free cash flow per share of $1.37. Thus, a share price of $2.70 gives Corus a trailing price to earnings of 3.2 times and a price to cash flow of 1.97 times.

When you also consider that Corus also pays a dividend, which currently yields 9.0% and pays out just $0.24 per year, it's evident that Corus is one of the cheapest stocks on the TSX.

Leading retail TSX stock

Another extremely attractive stock these days is **Canadian Tire Corporation Ltd** (TSX:CTC.A). Canadian Tire is one of the leading retail brands in Canada. The company owns a portfolio of well-known and reliable retailers across the country.

For years, Canadian Tire has been one of the top stocks on the TSX, and today, that's never been truer. On top of the growing business operations and excellent customer loyalty program, the stock has also become extremely cheap for investors looking to buy.

The stock is now more than 40% off its 52-week high. Plus, it's trading at a trailing price to earnings ratio of just 7.0 times.

Over the last few years, Canadian Tire has grown its business by more than 33% and continues to post consecutive return on equity of 15%.

The combination of its incredible business and the low stock price makes Canadian Tire one of the most valuable TSX stocks to buy today.

Bottom line

Air Canada may be appealing to investors because of how much its share price has fallen. However, these two TSX stocks are much better value for long-term investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/25
Date Created
2020/04/11
Author
danieldacosta