BUY NOW: 3 Stocks Hit Hard by the Coronavirus to Get Rich

Description

Shares of a few Canadian companies hit hard by the coronavirus pandemic continue to trade low, despite the stellar recovery in the stock market. The unprecedented decline in demand, material decreases in revenues and cash flows, and continued increase in infections are primary reasons why these stocks are still available at significant discounts.

However, with the easing of lockdown measures, reopening of businesses, and an increase in economic activities, these beaten-down stocks could return to the path of recovery and fetch you exceptional gains. Though these stocks are risky bets, they have massive upside potential to make you rich.

Air Canada

Air Canada (TSX:AC) is among the top contrarian stocks to bet on right now. Though higher debt, cash burn, and closure of international borders pose a threat, its high liquidity indicates that Air Canada could easily survive the crisis. Besides, its stock is likely to recover fast as travelers return to the skies.

Air Canada is dealing with a significant drop in traffic, as reflected through a 96% decline in total passengers carried in Q2. Further, its capacity went down by 92%, while total revenues fell by 89%. The grounding of its planes eroded more than 66% value in its stock on a year-to-date basis. However, I believe the worst is over for Air Canada, and the company could witness improvement in traffic in the coming quarters, which should help reduce the cash burn rate.

Investors should note that Air Canada is likely to take two to three years to reach its past glory. Thus, investors with a mid- to long-term investment horizon can earn big through the recovery in Air Canada stock.

Cineplex

Cineplex (TSX:CGX) is the riskiest bet in my list of stocks struck by the COVID-19 pandemic. Its total revenues plunged 95% in the second quarter, as all of its theatres and LBE venues were closed amid mandated closure of all non-essential businesses across Canada. With the temporary closure of its businesses, Cineplex reported a net cash burn of $15-$20 million per month since March 15.

Even as the business slowly reopens, Cineplex is likely to face challenges in the near term with lower levels of customer traffic and a decline in box office revenues per patron.

Cineplex has a long road to recovery. However, the company has enough liquidity and is reducing costs to navigate the current crisis. Moreover, a massive year-to-date decline of 76% in its stock makes it an attractive buy.

Suncor Energy

The COVID-19 outbreak eclipsed demand for oil dragging the shares of **Suncor Energy** (TSX:SU)(NYSE:SU) down by about 49% this year. With the reopening of the economy and production cut by OPEC+ nations, oil prices have bounced back strongly from the lows in April and are stabilizing. Besides, Suncor's cost-reduction measures have driven its breakeven price to lower, which is a good sign.

Suncor stock could generate stellar growth as the economy picks up pace. Its integrated business model, product mix shift, and cost-cutting measures should help in lowering the price risk. However, Suncor could also take at least a couple of years to come out of the gloom.

Bottom line

These beaten-down stocks carry very high risk. However, shares of these companies are consolidating at the current levels, despite rising COVID-19 cases, which is comforting. The significant erosion in value indicates that the recovery in these three stocks could fetch you massive returns.

CATEGORY

1. Coronavirus
2. Energy Stocks
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1. NYSE:SU (Suncor Energy Inc.)
2. TSX:AC (Air Canada)
3. TSX:CGX (Cineplex Inc.)
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