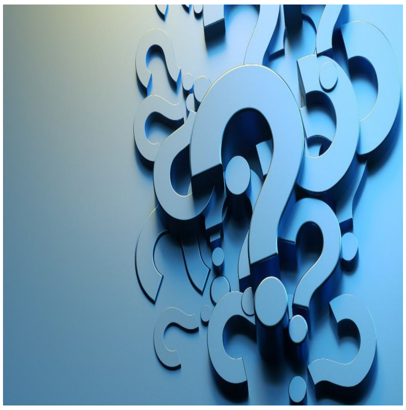

2 Blue-Chip TSX Stocks Nearing 52-Week Lows: Should You Back Up the Truck?

Description

The **TSX Index** may be inching closer towards recovering from the vicious February-March sell-off, but many Canadian blue-chip stocks are retreating towards their March lows. It's these such stocks that could hold the most value for patient deep-value investors who are willing to go against the grain, risking short-term pain for what could be outsized long-term gain coming out of this pandemic.

Without further ado, consider **Suncor Energy** (TSX:SU)(NYSE:SU) and **Rogers Communications** (TSX:RCI.B)(NYSE:RCI), two former market darling blue-chip stocks that are flirting with 52-week lows but are still worth buying if your portfolio is lacking in value stocks.

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Suncor Energy: 52-week lows ahead?

Suncor is an oil sands play that can't seem to catch a break. The stock is at high risk of pulling below hitting its March bottoms at this rate. Despite the backing of Warren Buffett, fossil fuel plays are heavily out of favour on Bay and Wall Street. With wildfire breaking out on the west coast, it's clear that the world is in need of a transition towards sustainable sources of energy before smokey late summers become the new norm.

While Suncor may have relatively resilient operating cash flows thanks to its robust integrated businesses, being the best firm in the fossil fuel industry is still akin to being the best player on a hockey team that just plain stinks. With reduced full-year production guidance, there are few things to get excited about with the company, especially after its dividend reduction.

With a Fort Knox-like balance sheet, though, Suncor is one of those oil plays that will live to see better days. For now, investors can collect the firm's 4.7%-yielding dividend while shares trade at a nearly 20% discount to book value.

Rogers Communications: Already nearing those March lows

Speaking of companies that can't seem to catch a break, Rogers Communications has been one of the harder-hit telecom stocks, with shares now down nearly 28% from 2019 all-time highs. The COVID-19 crisis weighed heavily on Rogers compared to its peers in the Canadian telecom scene. The wireless segment was dragged lower, while the media segment crumbled like a paper bag. Revenues plummeted, and EBITDA margins were contracting as a result of the crisis.

To make matters worse, Canadian telecom competitor **Shaw Communications** is a severe threat to Rogers's wireless subscriber growth with the launch of Shaw Mobile, which offers a tremendous value proposition to Canadians who are likely going to find themselves tightening their belts, as the coronavirus recession is likely to remain well after COVID-19 is eliminated.

Rogers trades at 2.7 times book value and 16.2 times trailing earnings, both of which are in line with industry averages. With a 3.8% dividend yield, Rogers isn't the most bountiful income play either. But if you believe that Rogers can weather the coming bout of fierce competition and its media division can recover in conjunction with the Canadian economy, Rogers is worth a look.

Personally, I'm sticking on the sidelines with Rogers, because I think Shaw could force Rogers to take a further margin hit or risk losing a considerable number of subscribers.

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