



3 Undervalued Canadian Stocks to Buy Right Now

Description

The Canadian equity markets have made a strong start to February, with the **S&P/TSX Composite Index** rising 3.3% in the first three days of trading. The index is trading just 0.8% lower than its all-time high. In this bull market, it isn't easy to find value stocks. However, here are three Canadian stocks that are available at discounts. Investors can buy these stocks for superior returns.

Suncor Energy

The expectation of improvement in oil demand amid the expansion of vaccine programs and the pledge by OPEC+ countries to clear the surplus oil have pushed the oil prices to the highest level in more than a year. Given its integrated business model, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is well positioned to benefit from higher oil prices. Since the beginning of November, the company's stock price has increased close to 48%. Despite the rise, the company still trades over 45% lower than its 52-week high, providing an excellent buying opportunity.

Meanwhile, Suncor Energy reported its [fourth-quarter earnings](#) yesterday. The company's funds from operation improved from \$1.17 billion in the third quarter to \$1.22 billion for the quarter. Its operating losses stood at \$0.09 per share, representing an improvement from an operating loss per share of \$0.20 in the previous quarter. Its upstream production and refinery utilization also improved sequentially, following the completion of maintenance activities.

This year, the company's management expects its production to improve by 10%, while its operating expenses could fall by 8%. Further, its refinery utilization rate could improve to 93%. So, the improvement in operating metrics and higher oil prices could drive Suncor Energy's financials and stock price.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has made a bright start to this year, with its stock price rising close to 10%. However, it still trades 22.1% lower than its 52-week high. The weak oil demand amid the

pandemic-infused restrictions had lower the asset utilization rate of its liquid pipeline segment, dragging its financials and stock price down.

However, the multiple rollouts of vaccines could boost oil demand, thus driving the financials and stock price of Enbridge this year. Further, the company operates a highly regulated business, with a significant amount of its adjusted EBITDA generated from regulated assets and long-term contracts, providing stability to its financials. The company is also continuing with its \$16 billion secured growth projects, which could add another \$2 billion of adjusted EBITDA from 2023.

Enbridge's valuation also looks attractive, with its forward price-to-earnings and price-to-book multiples standing at 15.4 and 1.3, respectively. For 2021, the company has announced dividends of \$3.34 per share, representing a dividend yield of 7.5%. So, given its growth prospects, attractive valuation, and high dividend yield, [Enbridge could deliver superior returns in 2021](#).

Docebo

Last year belonged to tech companies, as the pandemic increased the adoption of digitization. **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)), which provides highly-configurable cloud-based e-learning platforms, witnessed a surge in demand for its services. Last month, the company provided preliminary financial results for its fourth quarter. It is expecting the top-line to grow by 48% to 52% on a year-over-year basis. Its average recurring revenue could rise by 55% to 57%, while the average contract value could increase over 22%.

Docebo earns over 90% of its revenue from recurring sources, and more than 75% of its clients have signed multi-year agreements, an encouraging sign. Further, with businesses looking to upskill their employees to meet their customers' changing needs, I believe the demand for the company's service could sustain even in a post-pandemic world. Online-learning platforms are also cost-effective and convenient.

Amid the recent pullback, Docebo is currently trading at a discount of 22.5% from its 52-week high. So, given its high-growth prospects, I believe investors could utilize this pullback to accumulate the stock for higher returns.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:DCBO (Docebo Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Tech Stocks

Date

2025/08/26

Date Created

2021/02/04

Author

rnanjapla

default watermark

default watermark