3 Cheap Canadian Stocks to Buy Right Now

Description

Although Canadian equity markets are making new highs, few stocks are still trading at a considerable discount from their 52-week highs. So, investors with two to three years of timeframe can buy these stocks for higher returns.

Suncor Energy

Amid supply cuts and the expectation of recovery in oil demand, WTI crude oil is trading around $58, close to its 12-month high. **Suncor Energy** (TSX:SU)(NYSE:SU) could benefit from higher oil prices with its integrated business model built on capturing the barrel's full value.

The company's management has stated that the company could sustain and pay dividends with WTI crude trading at $35 per barrel, thanks to its long-life, low-decline assets. With oil prices trading well above this level and the expectation of improvement in its operating metrics, I expect Suncor Energy to deliver substantial numbers in the coming quarters. The company also pays quarterly dividends of $0.21 per share, representing a forward dividend yield of 3.7%.

Despite its high-growth prospects, Suncor Energy is trading at a discount of 44.5% from its 52-week high. Its valuation also looks attractive, with its price-to-book and forward price-to-sales multiples standing at 1 and 1.2, respectively. So, given its attractive valuation and improving market condition, I expect Suncor Energy to deliver superior returns over the next three years.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is a midstream energy company. It operates high-quality assets that are regulated or backed by long-term contracts, thus providing stability to its earnings. Althoughthe revoking of the permit to build the Keystone XL pipeline in the United States came as a setback,the company is going ahead with its $25 billion of secured capital projects, which could boost itsfinancials in the coming quarters. The recovery in oil demand could also increase its liquid pipelinesegment's throughput, driving its financials.

TC Energy has rewarded its shareholders by raising its dividends for the last 20 consecutive years at a CAGR of 7%. It currently pays dividends of $0.81 per share, representing a forward dividend yield of 5.9%. The company's management expects to raise its dividends by 8-10% in 2021 and 5-7% after that.

Amid the energy market weakness, the company currently trades around 28% lower than its 52-week high. Its forward price-to-earnings and price-to-book multiples stand at 13.7 and 1.8, respectively. So, TC Energy could be an excellent addition to your portfolio.

Cineplex

The pandemic-infused restriction has hit the entertainment industry hard. Amid the rising COVID-19 cases across Canada, the government re-imposed mandatory lockdowns, leading to theatres' closure in the fourth quarter. Amid these closures, **Cineplex's** (TSX:CGX) theatre attendance declined by 95.3%, while its revenue contracted by 96%.

Meanwhile, Cineplex has taken several cost-cutting initiatives, such as reducing its headcount and renegotiating rent payments for the closed period, to reduce its losses. It has also strengthened its financial position by selling and leasing back its headquarters for $57 million and has received $60 million from **Scotiabank** by enhancing and expanding its loyalty program, SCENE.

The inoculation process has started in Canada. The widespread distribution could prompt governments to lift restrictions, thus allowing Cineplex to operate at full capacity. Many distributors have shifted many major movie releases from 2020 to this year, which could drive Cineplex's traffic once theatres are reopened.

Amid the crisis, Cineplex trades at a 66.9% discount from its 52-week high. Given its significant market share in the box office, the company could bounce back quickly compared to its peers. So, I expect the company could deliver superior returns over the next three years.

CATEGORY

1. Energy Stocks
2. Investing

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3. TSX:CGX (Cineplex Inc.)
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