



Looking for Recovery Plays? 2 Top TSX Stocks to Buy Today

Description

Though TSX stocks at large are trading at record highs, few names are still trading below their fair values. New variants of the coronavirus and fears of continued closures weighed on them. However, as we return to normalcy, probably in the second half of 2021, these TSX stocks could soar higher. Let's take a look at these two top recovery plays.

MTY Food Group

A quick-service restaurant franchise company **MTY Food Group** ([TSX:MTY](#)) reported its fourth-quarter earnings last week. The company [reported](#) earnings of \$20.1 million for the quarter, a marginal fall from \$20.7 million from a year-ago period.

MTY operated at 7,001 locations at the year-end, of which 338 were temporarily closed because of the pandemic. Investors can expect superior growth once it resumes operations at all of its locations.

While many companies borrowed heavily last year amid the pandemic and closures, MTY focused on lowering its debt. At the end of February last year, it had long-term debt of \$556 million, which came down to \$447 at the end of Q4 2020. The company also looks comfortably placed on the liquidity front to weather the crisis.

MTY stock has rallied almost 250% since its pandemic lows last year. It has beat its bigger peer **Restaurant Brands International** stock, which has almost doubled in the same period. Notably, MTY stock is still trading at a discount and suggests room for further growth. As mobility restrictions gradually ease, higher discretionary spending and greater demand will likely drive MTY stock further higher post-pandemic.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) stock has soared more than 20% after the soothing crude oil rally this month. Interestingly, the stock is still trading 40% lower against its pre-pandemic levels. SU

stock could soar higher on the crude oil's continued strength and expectations of normalcy in the second half of 2021.

A \$40 billion Suncor Energy is a Canadian integrated energy titan that has a strong presence on the entire energy supply chain. It has 7.79 billion barrels of proved plus probable reserves of oil and operates four refineries with a total capacity of 460,000 barrels of oil per day. Also, Suncor Energy owns and operates more than 1,500 retail and wholesale fuel outlets in North America.

WTI crude oil has recently breached US\$62 levels. Interestingly, Suncor Energy covers its capital expenditure and dividends when oil is at US\$35/barrel. Thus, further upside in oil could result in an even higher increase in Suncor Energy's stock price.

Suncor Energy's assets and scale stand tall among its peers. The company trimmed its dividends by 55% last year amid the pandemic. The steep cut was necessary to improve the balance sheet strength. SU stock still yields a reasonable 3.5%. Amid the ongoing recovery, the management aims to reduce the company's debt and [increase shareholder returns](#) by share-buyback programs this year.

Given the strong dividend profile, operational efficiency, and favourable outlook for energy markets, Suncor Energy offers an attractive investment proposition for long-term investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:MTY (MTY Food Group)
3. 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. Coronavirus
2. Dividend Stocks
3. Energy Stocks

- 4. Investing
- 5. Stocks for Beginners

Date

2025/08/14

Date Created

2021/02/23

Author

vinitkularni20

default watermark

default watermark