4 Bargain Stocks That Could Double Your Investments

Description

Despite rising COVID-19 cases, the Canadian equity markets have been showing strong resilience, with the **S&P/TSX Composite Index** trading over 10% higher for this year. However, few stocks are trading at considerable discounts from their 52-week highs. Meanwhile, here are four such bargain stocks that can double your investments over the next two years.

Suncor Energy

Although oil prices have risen over pre-pandemic levels, **Suncor Energy** (TSX:SU)(NYSE:SU) is still trading close to 40% lower than its January 2020 levels, offering an excellent buying opportunity. Its valuation also looks attractive, with its forward price-to-sales and forward price-to-earnings multiples standing at 1.2 and 15.3, respectively.

Given its integrated business model and long-life and low-decline asset base, the company is well positioned to capitalize on higher oil prices. Further, the improvement in operating metrics, such as increased production, better utilization of its refineries, and lower operating expenses, could drive its margins and, in turn, its stock price. Investors could also benefit from the company's share-repurchase program and quarterly dividends.

Air Canada

The expectation of recovery in passenger demand amid the ongoing vaccination drive appears to have led **Air Canada's** (TSX:AC) stock price to increase by over 18% this year, outperforming the broader equity markets. However, the company is still trading significantly lower than its January 2020 levels, while its forward price-to-sales multiple stands at an attractive 1.2.

The company recently received $5.9 billion from the Canadian government, strengthening its balance sheet and improving investors' long-term view. The widespread distribution of vaccines could prompt governments to lift some harsh restrictions, such as mandatory 14-day quarantine for international travelers, improving passenger demand. Further, the expansion of its well-performing cargo segment and lower operating expenses could boost its financials and stock price growth in the coming quarters.

Cineplex

Cineplex (TSX:CGX) has witnessed a pullback over the last few weeks, with its stock price falling 15.6% from its March 4th highs. The rising COVID-19 cases appear to have weighed on the company's stock price. After the recent decline, the company's forward price-to-sales multiple has fallen to one. Given the recent correction and attractive valuation, I believe Cineplex is well positioned to deliver superior returns over the next two years.

The Canadian government expects vaccines to be available to all its citizens by September this year. The wide-scale distribution of vaccines could prompt governments to lift restrictions, allowing Cineplex to operate its theatres at full capacity, boosting its financials. Meanwhile, the company has also strengthened its balance sheet by raising $250 million through debt facilities and around $117 million by reorganizing its SCENE loyalty program and selling and leasing back its headquarter.

Canopy Growth

Canopy Growth (TSX:WEED)(NYSE:CGC) has lost 51.3% of its stock value from its 52-week high. The weakness in the cannabis sector amid the concerns over speculative trading and **Aphria's** weaker-than-expected third-quarter performance have weighed on its stock price. However, the correction provides an excellent buying opportunity, given the growing cannabis market due to increased legalization and its strong balance sheet and growth initiatives.

As of December 31, Canopy Growth had $1.59 billion in cash and cash equivalents. So, the company is well capitalized to fund its growth initiatives. The company's management has set a promising outlook for the next three years, with its top line projected to grow at a rate of 40-50% over the next three years. The management expects to report positive adjusted EBITDA in the second half of fiscal 2022 while improving its adjusted EBITDA margin to 20% by fiscal 2024.

Further, the company had recently signed a definitive agreement to acquire **Supreme Cannabis** for $435 million. The acquisition could expand Canopy Growth's product offerings and provide access to the low-cost and scalable cultivation facility at Kincardine, Ontario.

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1. Cannabis Stocks
2. Energy Stocks
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1. NASDAQ:CGC (Canopy Growth)
2. NYSE:SU (Suncor Energy Inc.)

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6. TSX:WEED (Canopy Growth)

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