4 Cheap Canadian Stocks to Buy Right Now

Description

Despite the concerns over rising COVID-19 cases, the Canadian equity markets show strong resilience, with the benchmark index, the **S&P/TSX Composite Index**, up over 10% this year. However, few companies are still trading at a cheaper valuation and offer excellent buying opportunities. Here are four such companies that can deliver superior returns over the next two years.

Air Canada

The travel restrictions amid rising COVID-19 infections continue to weigh on **Air Canada's** (TSX:AC) stock price. The company currently trades over 50% lower from its January 2020 levels. Amid the significant fall in its stock price, the company is trading at an attractive forward price-to-sales multiple of 1.2. Despite the near-term challenges, the company's long-term growth prospects look attractive.

The wide-scale vaccine distribution could prompt the Canadian government to lift some harsh restrictions, such as mandatory 14-day quarantine for international travelers, driving passenger demand. Further, the $5.9 billion financial support from the Canadian government has strengthened its financial position. The company is also planning to expand its cargo services amid rising demand. So, given its healthy growth prospects and attractive valuation, Air Canada could double your investments over the next two years.

Enbridge

Second on this list would be **Enbridge** (TSX:ENB)(NYSE:ENB), which trades close to 10% lower than its January 2020 levels. The decline in oil demand had lowered its asset utilization rate, dragging its financials and stock price down. Amid the correction, its price-to-book and forward price-to-earnings have fallen to 1.8 and 17.9, respectively.

The improvement in economic activities amid the reopening of the economy could drive oil demand, boosting its financials and stock price. Meanwhile, Enbridge's management has also planned to invest approximately $10 billion over the next two years, expanding its utility, transmission, and renewable assets. Amid these investments, the management hopes that its DCF per share grows at a 5-7% rate through 2023. Enbridge also pays quarterly dividends, with its forward dividend yield currently standing at 7.1%.

Cineplex

The rising COVID-19 cases continue to dent the entertainment industry, including **Cineplex** (TSX:CGX), which trades over 62% lower from its January 2020 levels. The continued closure of theatres amid the pandemic-infused restrictions has weighed on its financials and stock price. Amid the sell-off in its stock price, the company trades at an attractive forward price-to-sales multiple of 0.9.

Meanwhile, Cineplex has taken several cost-cutting measures, which have lowered its losses and cash burn. It has also strengthened its liquidity by raising $250 million through debt facilities and $107 million through the sale and leaseback of its headquarters and reorganizing its SCENE loyalty program. Further, the widening of the vaccination could prompt the governments to relax some restrictions, allowing the company to operate its theatres at full capacity, driving its financials. So, I expect Cineplex to deliver superior returns over the next two years.

Aphria

The final pick on this list would be **Aphria** (TSX:APHA)(NASDAQ:APHA), which has lost over 55% of its stock value from its February highs. The concerns over speculative trading in the cannabis sector and lower-than-expected third-quarter performance have dragged the company's stock price down. The sell-off provides an excellent entry point for long-term investors, given the expanding cannabis market and its growth initiatives.

Aphria is one of the few cannabis companies that has posted positive adjusted EBITDA for seven consecutive quarters. It also enjoys a high market share in the Canadian recreational cannabis market amid solid performance in the vape and dried flower segment. The company's proposed merger with **Tilray** is also moving smoothly, with Aphria's shareholders approving the merger while Tilary's shareholders will vote on April 30. The merger could significantly strengthen the combined entity's market share in domestic and international markets while delivering $100 million in savings.

CATEGORY

1. Cannabis Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:AC (Air Canada)
3. TSX:CGX (Cineplex Inc.)
4. TSX:ENB (Enbridge Inc.)

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