



Top Undervalued Canadian Stocks to Buy Right Now

Description

The **TSX** withstood the pandemic-induced sell-off in March 2020 and continues to be in record territory in 2021. Canadians have plenty of [opportunities to make money](#) in a very conducive investment landscape. Also, the Organization for Economic Co-operation and Development (OECD) forecast Canada's economy to rebound strongly and grow by 6.1% this year.

For investors looking for [undervalued stocks](#), **Corus Entertainment** ([TSX:CJR.B](#)) and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) are the top choices right now. Based on analysts' forecasts, the return potentials could be between 33% and 54% in 12 months, excluding the more than 3.4% dividend.

Building momentum

The business performance of the country's leading media and content company should improve significantly in the post-pandemic. Corus Entertainment is planting the seeds as it preserves its image of delivering high-quality brands and content across platforms for the global audience.

While revenue declined 1% in the nine months ended May 31, 2021 (fiscal year 2021), Corus reported \$152.6 million in net income. The net loss in the same period in fiscal 2020 was a staggering \$655.6 million. Moreover, the Q3 fiscal 2021 results point to a positive direction going forward.

Corus's consolidated revenues during the quarter rose 15% from Q3 fiscal 2020. The quarter's highlight was the 23% increase in advertising revenues from COVID-driven lows. Radio revenues (31%) were higher compared to television (15%). The \$1.26 billion company's financial position remains strong with the \$38.2 million increase in cash and cash equivalents after three quarters of fiscal 2021.

Management, through Corus Studios, secured two major international sales (U.S. and Germany) and sold over 600 hours of content so far in 2021. Meanwhile, the stock has performed very strongly with 44.42% growth year to date. The price is hovering at around \$6 per share, but I wouldn't be surprised if it saw a strong finish for the rest of 2021. Also, the dividend yield is 3.96%.

Turnaround activities

Last year was painful for the Canadian oil and gas industry, including bellwether Suncor Energy. Investors in the energy stock lost in 2020 but are winning 14.21% year to date. The share price is cheap at \$24.02, while the dividend is a respectable 3.44%. Market analysts have set a 12-month average price target of \$37.11 (+54.48%).

The \$35.66 billion oilsands king is slowly rising from the pit. In Q2 2021 (quarter ended June 30, 2021), Suncor reported \$868 million compared to the \$614 million net loss in Q2 2020. For the first half of 2021, net earnings were \$1.69 billion versus the \$4.14 billion net loss in the same period last year.

Suncor President and CEO Mark Little said the quarter's performance reflects significant turnaround activities. Suncor's immediate plan is to structurally lower the cost base and improve productivity. An integral part of its new strategic objective is to become a net-zero greenhouse gas (GHG) emissions company by 2050.

The good news for [current and prospective investors](#) is Suncor's plan to earmark incremental funds to dividends and share buybacks. Expect dividends to increase in line with the company's \$2.15 billion incremental free funds flow growth. Management also targets absolute net debt by 2025.

Income and growth

Corus Entertainment and Suncor Energy did what was necessary to endure the crisis. The businesses have stormed back in 2021 and are well-positioned for the eventual reopening of the economy. Investors should include both in their buy lists. Your returns should be higher because the stocks offer a combination of income and growth.

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Date

2025/08/22

Date Created

2021/08/17

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