



Buy Alert: 2 Recovery Stocks to Buy Now

Description

These days with stocks at all-time highs, any companies that are [trading undervalued](#) are doing so for a reason. That doesn't mean they can't rally, but it means they come with a certain degree of risk. So it's up to investors to decide if they want to buy these recovery stocks now.

There's no question that Canada has recovered well from the pandemic, especially from earlier this year. Our vaccination rates have been impressive, and we are among the leaders in the world.

Nevertheless, there is still risk and uncertainty regarding the pandemic in the future, whether it's a fourth wave that is rapidly approaching or further variants we have to deal with down the road.

So any stock that is still affected by the pandemic will carry some risk going forward. Even when you consider those risks though, these two recovery stocks still seem like two of the best to buy now.

The top value stock in Canada

One of the best and cheapest stocks for Canadian investors to buy right now is **Corus Entertainment** ([TSX:CJR.B](#)). Corus is a media company that earns its revenue from advertisements on its cable TV channels and subscriptions to its specialty channels and streaming platforms.

While the stock was impacted to start the pandemic, for the most part, it has almost completely recovered from the impacts of the shutdowns. Today it continues to run its business, paying down debt and working to grow its operations, just as it was before the pandemic.

So the fact that the stock continues to trade this cheap, at a forward [price to earnings ratio](#) (P/E ratio) of just 6.8 times, makes it an incredible opportunity for investors today. It's trading so cheap that it's easily one of the top recovery stocks to buy now.

Investors may have some hesitation, as just a few years ago, Corus got into trouble with its heavy debt load. However, the company has addressed this well in recent years.

Plus, even though its revenue was impacted during the pandemic, the stock remained profitable and cash-flow positive, which was used to continue to pay down debt while keeping the dividend intact.

So you could actually argue Corus is in an even better financial position today, highlighting what an opportunity investors have to buy at this price. Plus, in addition to an ultra-low P/E ratio, Corus pays a dividend that currently yields more than 4%.

So if you're looking for a top recovery stock to buy now, Corus offers some major rewards with minimal risk.

A top Canadian retail stock to buy now

In addition to Corus, another top Canadian recovery stock to buy now is one of the best retail companies in Canada.

Roots ([TSX:ROOT](#)) is an iconic Canadian retailer that's always been a consumer favourite. Despite the fact that it's a retail stock, though, the company is actually in a very similar situation to Corus.

Before the pandemic even hit, Roots was working to improve the efficiency of its business and, therefore, its margins. The stock has never had a problem attracting customers to its stores. So there may be hesitation from investors, as the company was already in turnaround mode when the pandemic hit.

But with a new distribution centre that will help improve margins and what looks like the worst of the pandemic now behind us in Canada, Roots is ready to recover and offering investors a major opportunity.

It had already been rallying rapidly as restrictions were lifted and retail could open back up again. However, recently it's once again sold off and is now trading dirt cheap.

There is, of course, the small risk that we could see shutdowns again in Canada. However, this is unlikely, and if they were to happen would probably be less severe than ones in the past.

Furthermore, Roots' e-commerce platform continues to see an increase in sales, which has helped the company to offset the impacts of the shutdowns.

So with the high-potential recovery stock trading at a forward P/E ratio of just 8.0 times, it's easily one of the best to buy now.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

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2. TSX:ROOT (Roots Corporation)

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