2 Canadian Stocks That Have Beaten All the Odds

Description

The pandemic-induced market selloff in 2020 was a nightmare for investors. Many companies suffered business reversals that recovery seemed impossible. Investors in **Cenovus Energy** (TSX:CVE)(NYSE:CVE) and **Medical Facilities** (TSX:DR) were worried sick because the stock prices hit rock bottom in Q1 2020.

Fast-forward to 2021 and the two Canadian stocks have beaten all the odds! The tide has turned as both have risen from the abyss. From worthless investments in March 2020, the energy stock and healthcare stock are among **TSX's** top performers thus far this year.

Incredible comeback

The energy sector was the worst performer in 2020. Besides COVID-19, the oil price war pulled the stocks down. Cenovus Energy fell to as low as $2.26. As of August 30, 2021, the share price is $10.41, or a 360.6% gain from its COVID low. Investors who stayed on and didn't dump the stock must have earned a significant windfall.

Current investors enjoy a 34.7% year-to-date gain on top of a modest 0.66% dividend. It's a grand comeback for the $21.02 billion integrated oil and natural gas company. In the first half of 2021 (six months ended June 30, 2021), revenue climbed 221.5% versus the same period in 2020.

Cenovus reported net earnings of $444 million compared to the $2 billion net loss. In Q2 2021, the company generated $1.4 billion cash from operating activities, while free funds flow reached $1.3 billion. Cenovus President and CEO Alex Pourbaix said, "Our results underscore the earnings power of the combined company as we further integrate and deliver on our expanded asset base."

Pourbaix adds, "We posted a strong second quarter and expect to accelerate deleveraging in the second half of this year." He also said that Cenovus benefits from the top-tier asset base with a wealth of opportunities to improve returns. Market analysts recommend a strong buy rating for Cenovus and forecast a 53.5% upside in the next 12 months.

Unique business model

Medical Facilities had a similar situation. The share price tanked to $2.13 during last year's selloff. Today, the healthcare stock trades at $9.50 per share, a 346% recovery. The year-to-date gain is 37.7%, while the dividend yield is a decent 2.95%.

The $293.95 million company owns a diverse portfolio of high-quality surgical facilities in the United States. Its controlling interests are in 10 specialty surgical hospitals and an ambulatory surgical centre. Management admits the situation remains fluid in that it could still impact the financial results in the back half of 2021.

Nonetheless, Medical Facilities reported an 8.1% and 0.8% increase in revenue and net income in the first half of 2021 versus the same period in 2020.

The investment thesis for this healthcare stock is that the company has a scalable platform for growth. Management capitalizes on the large, growing, and fragmented outpatient services. The specialty surgical hospitals and ambulatory surgery centres provide a competitive alternative to larger, traditionally-run hospitals.

Medical Facilities boasts a unique business model. Physicians are the partners, while non-physician owners can practice at the facilities. The setup means they can see more patients and deliver high-quality care.

Growth stocks

Investors almost gave up on Cenovus Energy and Medical Facilities when the pandemic drove the stock prices to virtually zero. However, the respective businesses proved resilient to endure the disruptions. Today, both are growth stocks you can include in your watch lists.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:DR (Medical Facilities Corporation)

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