



## 2 Recovery Stocks on the TSX to Buy Over Cineplex Today

### Description

Although 2022 is already just weeks away, the pandemic continues to impact our lives every day. There are still plenty of opportunities for investors to find recovery stocks on the **TSX** that are worth a buy today, such as **Cineplex** ([TSX:CGX](#)), for example.

Prior to the pandemic, Cineplex had built a strong business and was diversifying its operations. It was even set to be bought out at \$34 a share.

The fact that the stock trades around \$13 today means that Cineplex stock certainly offers investors a decent opportunity. In fact, I'd even recommend it as a better recovery stock than **Air Canada** today.

At its recent earnings release, Cineplex reported an incredible recovery in sales through the summer. However, it still faces some significant headwinds that other companies don't face or are less impacted by.

So, if you're looking at buying a recovery stock on the TSX today, here are two that could offer even more potential.

## A top value stock with more potential than Cineplex on the TSX today

If you're looking to buy a recovery stock on the TSX today, one of the best opportunities has to be **Boston Pizza Royalties** ([TSX:BPF.UN](#)). Boston Pizza, which is Canada's number one casual dining chain, has over 350 restaurants across Canada.

Dine-in restaurants were, as we all know, one of the hardest-hit industries by the pandemic, so Boston Pizza has always naturally offered investors recovery potential. With restaurants seeing a massive impact due to capacity restrictions, Boston Pizza has earned a lot less revenue and therefore had to trim its [dividend](#).

Recently, though, with capacity restrictions being eased and through the summer season with warmer

patio weather, Boston Pizza has begun to make an impressive recovery. And unlike Cineplex stock, because it's collecting a royalty payment from the restaurants and not relying on them to make a profit, the royalty fund is itself earning a profit and able to return a large chunk of its income to investors.

As of the third quarter, Boston Pizza's sales have almost recovered fully, coming in just 3% shy of its revenue in the third quarter of 2019. Meanwhile, the stock is paying out just 74% of what it did to investors before the pandemic.

So, in addition to the recovery potential of Boston Pizza's units, there is also more room for the dividend, which already yields an impressive 6.5%, to be increased, making it one of the best recovery stocks to buy on the TSX today.

Cineplex stock has traded rangebound for months now, and investors who have been patiently waiting and holding the stock haven't earned anything.

Boston Pizza is in a similar boat because capacity restrictions are the biggest headwind it faces. However, at least the stock is profitable and able to pay investors while we wait for a full recovery.

## A high-quality recovery stock to buy while it's still cheap

**Corus Entertainment** ([TSX:CJR.B](#)) is another stock on that TSX today that hasn't fully recovered. However, while the stock price hasn't recovered, the company's operations have been profitable lately. It's also been earning tonnes of free cash flow, paying down debt, and like Boston Pizza, pays a dividend to investors while they patiently wait for a recovery.

Right now, Corus Entertainment is in far better shape than Cineplex stock yet still offers investors an incredible discount. Cineplex currently trades at a forward [enterprise value](#) (EV)/sales ratio of 1.8 times and a forward EV/[EBITDA](#) ratio of 6.4 times.

In comparison, Corus trades at a forward EV/sales ratio of 1.7 times and a forward EV/EBITDA of five times, both of which are cheaper than Cineplex stock. In addition, Corus also trades at a forward price-to-earnings ratio of six times. Cineplex, however, may not even earn a profit over the next 12 months.

So, for now, while Corus remains one of the cheapest stocks on the TSX, it's one of the best recovery stocks to buy today. Therefore, rather than buying and holding Cineplex stock, waiting for a recovery, I'd consider a stock like Boston Pizza or Corus, which will pay you to wait.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:CGX (Cineplex Inc.)
3. TSX:CJR.B (Corus Entertainment Inc.)

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#### **Date**

2025/08/16

#### **Date Created**

2021/11/24

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