3 Beaten-Down Stocks to Buy for Massive Gains

Description

Three stocks that were beaten down in the pandemic environment are the best buys before the curtain closes on 2021. Massive gains await investors in **Cineplex** (TSX:CGX), **Andrew Peller** (TSX:ADW.A), and **Evertz Technologies** (TSX:ET). The worst should be over and their breakouts beginning in December are foreseeable.

Strong recovery

AMC Entertainment hogged the headlines when its shares delivered parabolic returns during the meme frenzy. Canadian investors, however, kept their eyes on the local operator of movie theaters and location-based entertainment (LBE) venues. At one point in the crisis, Cineplex President and CEO Ellis Jacob pleaded with the federal government to provide support to the beleaguered movie exhibition industry.

The stock tanked in 2020 but has since recovered from the slump without government intervention. As of November 23, 2021, CGX trades at $13.16, or a 42.7% gain from a year ago. You only need to look at the most recent quarterly results to confirm why this stock is a must-buy today.

In Q3 2021, Cineplex reported 310.3% and 429.2% growths in total revenues and theatre attendance versus Q3 2020. While the $876.66 million entertainment and media company still lost $33.6 million, it was a 72.3% year-over-year improvement. Notably, the average monthly cash burn went down 82.5% to $2.9 million.

Fighting spirit

Andrew Peller acknowledges that its business suffered from government-mandated closures of restaurants and hospitality businesses because of the pandemic. Management also said consumer purchasing patterns cause fluctuations in its financial results.

The $382.72 million producer and seller of wines and craft beverage alcohol products had to cut down advertising and promotional campaigns to preserve cash. In Q2 fiscal 2022 (quarter ended September 30, 2021), total sales and net earnings dropped 5.5% and 63.7% versus Q2 fiscal 2021.

According to management, expanding its core business (wines and wine-related products) remains Andrew Peller's growth strategy. Over the long term, the company expects sales of higher-priced premium wine and spirits in the country to keep growing. It should generate higher margins and result in increased profitability.

The current share price of $8.25 (-19.79% year-to-date) is a good entry point. Market analysts recommend a strong buy rating for this consumer-defensive stock. They forecast the price to climb between 51.5% and 69.7% in 12 months. The potential return could be higher as Andrew Peller pays a 2.98% dividend.

Gem in the tech sector

The situation in the television, telecommunications, and new-media industries remains fluid due to the pandemic. It could still impact the future operations of Evertz Technologies. This $1.01 billion company manufactures broadcast equipment and provides solutions that deliver content to television sets, on-demand services, WebTV, IPTV, and mobile devices.

Nevertheless, management says the fallout from the pandemic is temporary. Also, the business isn't doing badly, as evidenced by the Q1 fiscal 2022 (quarter ended July 31, 2021). Revenue grew 72.5% to $97.16 million, while net earnings soared 2,451% versus Q1 fiscal 2021.

However, the share price of $13.35 (+3.44% year-to-date) doesn't reflect the impressive financial performance yet. Based on market analysts' forecasts, the average upside potential is 26.1%. Evertz is a gem in the tech sector. Apart from the capital gain, investors can partake of the hefty 5.51% dividend.

Excellent buys

Cineplex, Andrew Peller, and Evertz Technologies should not escape the eyes of growth investors. The stocks are excellent recovery plays in 2022.

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1. Dividend Stocks
2. Investing
3. Tech Stocks

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2. TSX:CGX (Cineplex Inc.)
3. TSX:ET (Evertz Technologies Limited)

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