Forget Air Canada: 2 Dividend Stocks to Buy Offering Much Better Value

## Description

**Air Canada** (TSX:AC) stock has been an investor favourite for a while now, considering how cheap it's been since the pandemic broke out.



In reality, though, it's not as cheap as it looks. Sure, it certainly offers recovery potential, but looking at it and seeing it trading more than 50% off its pre-pandemic high can be deceiving. Nevertheless, there are plenty of Canadian stocks to buy now, especially in this environment, that offer investors much more value.

If you've got cash that you're looking to invest while stocks across the board are ultra-cheap, here are two top dividend stocks to consider over Air Canada.

# This Canadian dividend stock offers much more value than Air Canada

Air Canada's stock price has been cheap, and the company has been impacted since the pandemic broke out. That's similar in a lot of ways to **Corus Entertainment** (TSX:CJR.B), a media stock owning TV channels, radio stations, streaming services, and more.

And while both stocks are not necessarily being impacted in the same way, the pandemic negatively affected both, and now, with the potential of a recession on the horizon, both stocks are struggling once again.

However, over the last two years, while Air Canada stock has lost tonnes of money and had to take on significant sums of debt, Corus has actually been paying its debt down. The company has earned some impressive free cash flow, which not only puts it in a better position, but it also makes Corus's value today all that more surprising.

Currently, Corus is trading at a forward enterprise value (EV)-to-EBITDA ratio of just 4.5 times. In comparison, right now, Air Canada's forward EV-to-EBITDA ratio is 7.6 times. Plus, on top of everything else, Corus pays a dividend to investors who are willing to hold the stock and wait for it to appreciate. And after selling off significantly lately, the yield on Corus stock is now above 6%.

Therefore, if you're looking to buy Canadian stocks while they are dirt cheap, Corus offers far more value than Air Canada stock at these prices.

## One of the best dividend stocks to buy while it's cheap

Another high-quality Canadian dividend stock that's sold off recently and now offers much more value than Air Canada is **Pizza Pizza Royalty** (TSX:PZA).

Pizza Pizza is a reliable dividend stock that proved how resilient it could be for a restaurant stock through the pandemic. Now, as the stock is selling off again, it offers much better value than Air Canada stock. In addition, Pizza Pizza provides an impressive yield of more than 6.5%

There is some concern that inflation will impact consumers budget's and negatively affect Pizza Pizza's sales as consumers cut back their spending on dining out. However, because Pizza Pizza is a top-line royalty company, the impact on sales should only be minimal. So, while there is some risk in investing in Pizza Pizza today, it's far less than the risk Air Canada stock still has.

Therefore, rather than hoping for a recovery in Air Canada stock and buying a business that already looks to be fully valued in this environment, I'd consider a high-quality dividend stock like Pizza Pizza that will return cash to you monthly.



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