



## 3 Value Stocks to Buy as the Market Tries to Recover

### Description

After touching a low on May 12, the **S&P/TSX Composite Index** has increased by 3.6%. Solid U.S. retail sales in April, the relaxation of COVID-19-infused restrictions in China, and higher commodity prices have driven the index higher. So, as the market begins to recover, here are three value stocks that you can buy right now to earn superior returns.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has delivered returns of over 55% this year, outperforming the broader equity markets. Increased oil prices amid geopolitical tensions and solid quarterly performances have driven the company's stock price. Despite the impressive rise in its stock price, the company trades at an attractive NTM price-to-sales and NTM price-to-earnings multiples of 1.2 and 6.3, respectively.

Despite the fear of recession, oil is trading above US\$110/barrel and could remain at elevated levels for the rest of this year. Meanwhile, Suncor Energy's management expects to increase its production by 5% compared to 2021. Lower interest expenses amid the decline in debt levels and share repurchases could boost its financials in the coming quarters. It also pays a quarterly dividend of \$0.42/share, with its forward yield at 3.46%.

So, given its attractive valuation, favourable market condition, and growth initiatives, I expect Suncor Energy to deliver superior returns this year.

### Air Canada

**Air Canada** ([TSX:AC](#)) has lost 1.5% of its stock value this year. The rising jet fuel prices are putting pressure on the company's stock price. However, given its dominance in the Canadian passenger airline industry, the company could easily pass on the increased expenses to its customers.

Meanwhile, Air Canada's financials are improving, with its operating revenue increased by above 250%

to \$2.57 billion in the recently announced first quarter. Its adjusted EBITDA losses declined by \$620 million to \$143 million while generating free cash flows of \$59 million. The company ended the quarter with healthy liquidity of \$10.16 billion, which is encouraging.

Additionally, I expect the uptrend in Air Canada's financials to continue amid a rebound in passenger ticket sales. In March 2022, the company's passenger ticket sales were about 90% of the ticket sales in March 2019. The company is looking at diversifying its revenue streams by strengthening its air cargo segment. Amid the rising demand, the company expects to add two new Boeing 767-300 freighters this year. Also, the company's cost per available seat mile is coming down, which could improve its margins. So, given its improving financials, growing passenger demand, and an attractive NTM price-to-sales multiple of 0.4, I am bullish on Air Canada.

## Lightspeed Commerce

**Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) has witnessed a strong buying over the last few days, with its stock price rising by 46.3% from its May 12 lows. Despite the recent surge, the company is still trading at a discount of above 82% from its 52-week highs. Its NTM price-to-sales multiple has also declined to 4.4, making it an attractive buy.

Supported by organic growth and acquisitions completed over the last four quarters, the company's revenue grew by 78% to \$146.6 million in the March-ending quarter. Compared to its previous year's quarter, the company witnessed strong growth in its customer locations and ARPU (average revenue per user).

Meanwhile, the growing adoption of online shopping and the omnichannel selling model has created a multi-year growth potential for Lightspeed Commerce. Given its expanded product offerings, international expansion, and strategic acquisitions, the company is well positioned to benefit from market expansion. The management expects its revenue to grow by 35-40% this fiscal year, while its EBITDA losses could come down to 5% of its total revenue. So, given its improving financials, solid growth potential, and discounted stock price, I believe Lightspeed Commerce could be an excellent buy at these levels.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
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