



Rebound Rockets – 2 Beaten Down Stocks You'll be Happy you Own in 2032!

Description

How do people make outsized profits in the stock market?

Largely by buying when stocks are down.

[Warren Buffett](#), George Soros, Seth Klarman—all of them made large sums of money buying stocks after they fell. Logically, we all know that to make money in stocks, we need to buy low and sell high. Unfortunately, when low prices become available, we often get overwhelmed with fear, and talk ourselves out of it.

To really succeed in stock investing, you need to be willing to look at [undervalued](#) companies that nobody else wants to look at. I'm going to explore two such companies that could be looking a lot better in 2032 than they are today.

Air Canada

Air Canada ([TSX:AC](#)) is probably Canada's biggest COVID-19 "loser" stock. The stock immediately fell 70% when pandemic restrictions hit, stayed around \$12 for a while, then moved up to \$20 after vaccines were announced. After hitting \$20, AC stock went nowhere for a long time. Now, however, it has potential.

Earlier this month, Air Canada reported Q2 2022 financial results which looked promising. Among the highlights, operating revenues reached \$3.981 billion, a five-fold increase from the second quarter of 2021. EBITDA (earnings before interest, taxes, depreciation, and amortization) reached \$154 million, a significant increase from a negative quarterly EBITDA of \$656 million a year ago. Furthermore, compared to pre-pandemic levels, 2022 second quarter advance ticket sales reached 94% of those in the same quarter of 2019.

We're currently in the first time period since the pandemic began where not a single province is under lockdown. On top of that, the Federal Government is not signaling any further restrictions. It looks like AC has the go ahead to rise. Sure, fuel costs are an issue this year, but Air Canada recently posted

positive free cash flow and its smallest loss since the pandemic began. On the whole, things are starting to look up for Canada's biggest airline.

Rogers Communications

You don't need to be a financial news junkie to know that **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) is going through some issues. The company received the worst kind of publicity last month, when it suffered an outage that took many customers—and the nation's debit card system—offline.

Given all the controversy Rogers found itself embroiled in, you'd think it would have suffered a massive loss of subscribers. But preliminary indicators suggest that's not the case. On August 14, *MobileSyrup* [ran a story](#) asking readers to remark in the comments section whether they'd cancelled Rogers due to the outage. The majority of people in the comments section said they had not. A few said they had called Rogers to cancel, but were dissuaded when the agent on the phone offered them freebies.

On that note: Rogers' most recent earnings release was not bad. The following are some highlights from it:

- \$3.86 billion in revenue, up 8%
- \$409 million in earnings, up 35%
- \$344 million in free cash flow, up 14%

Every single metric that investors care about grew in the second quarter. Yet Rogers' stock declined in the third. It appears as though people are betting on Rogers' PR headaches showing up in its business results, but I'm not certain they will. If they don't, then RCI.B stock could deliver impressive results in the future.

Foolish takeaway

A lot of people may look at you like you have two heads if you tell them you're investing in Air Canada or Rogers. They're massively out of favour. But history shows that it's these temporarily unpopular companies that end up being the biggest stock market winners. That doesn't mean stocks like AC and RCI.B are guaranteed to succeed, but it does mean they're worth a second glance.

CATEGORY

1. Investing

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1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:AC (Air Canada)
3. TSX:RCI.B (Rogers Communications Inc.)

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