Down 30% From the Top, These TSX Stocks Are Flat-Out Deals Right Now

Description

TSX stocks have fallen 10% this year amid record-high inflation and aggressive interest rate hikes. However, some names are down much more than that and offer value for long-term investors.

Vermilion Energy

After doubling this year, **Vermilion Energy** (TSX:VET) stock has been weak due to proposed windfall taxes in Europe. Due to uncertainties about the impact, the management has stopped its share-buyback plan since its recent quarterly earnings. As expected, investors expressed their unhappiness in the last few weeks, bringing the stock 33% lower than its August highs.

Vermilion stands out among TSX energy stocks with its large exposure to European assets. Almost 30% of its total production is from Europe, which has been a key growth driver for its earnings this year.

The management currently expects an impact of around $700 million of windfall taxes on its bottom line for both 2023 and 2024. Considering superior gas prices in Europe and massive earnings growth prospects, Vermilion still offers attractive shareholder value. It is currently trading at a free cash flow yield of 35%, far higher than its peers' average.

Despite the windfall taxes, Vermilion intends to keep its debt repayments on track. So, this will likely continue improving its balance sheet and profitability.

Although energy stocks have returned immensely so far, the rally seems far from over. Vermilion looks particularly appealing because of its epic European assets, superior balance sheet, and higher earnings growth prospects.

goeasy

Canada's consumer lender **goeasy** (TSX:GSY) stock has lost 35% of its market value this year. While the stock may not see a significant recovery soon, given the recession fears, this could be a prudent time to buy the dip.

A $2 billion goeasy has seen above-average earnings growth for the last several years. Its omnichannel distribution and strong underwriting have played well for its business growth all these years. As a result, GSY stock has returned more than 2,000% in the last 10 years, which is way higher than TSX stocks at large.

GSY management is quite confident about its earnings outlook for the next few years. It expects a stable increase in its gross consumer loan receivables through 2024. Also, the management aims to generate operating margins of above 35% and a return on equity above 22% for the next three years. Note that goeasy has almost always underguided and overachieved in the past.

Cineplex

Canada's theatre chain stock **Cineplex** (TSX:CGX) saw some recovery lately due to better-than-expected results for the third quarter (Q3) of 2022. However, the stock is still trading 30% lower than its 52-week high in April. CGX stock has taken support of approximately $8 levels on multiple occasions and bounced higher in the last few months.

Cineplex looks notably appealing because of its much-awaited financial recovery. It reported $31 million in net income in Q3 after several quarters of losses and cash burn. Importantly, this might not be a one-time thing. Due to several big releases coming soon and amid the holiday season, Cineplex will likely report handsome revenues in the current quarter as well.

CGX stock is trading much lower than its pre-pandemic levels. Its high debt and recession woes could hinder its recovery. However, Cineplex stock looks attractive based on its valuation and earnings-growth prospects.

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1. Energy Stocks
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2. TSX:GSY (goeasy Ltd.)
3. TSX:VET (Vermilion Energy Inc.)

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