Don't Wait for a Market Bottom – These 2 Top Stocks Are on Sale

Description

We can try to time it, but the fact is that a market bottom is extremely difficult to call. It is possible to get lucky, but more often than not, we will be caught off guard with the exact timing and level of a market bottom. This unpredictability is a function of the nature of a stock market. With its mix of fundamental and psychological drivers, it's as much art as it is science. Therefore, we should be satisfied with choosing the best top stocks, not necessarily the absolute best entry point.

Let's take a look at two top Canadian stocks to buy right now that are on sale, regardless of whether the market has hit bottom or not. Remember, we're looking for long-term gains.

Altagas: A top Canadian stock to buy for its exposure to soaring energy exports

Altagas Ltd. (TSX:ALA) is a top Canadian stock that's on sale today due to the sheer opportunity that lies ahead for this company. Altagas is an energy infrastructure giant with a strong position in two distinct areas. The first is the utilities business. This business is a stable one with consistent, steady growth. It's the part of Altagas' business that's regulated and defensive. The other business is the midstream business. This is the business with the rapid growth.

The global energy shortage that's hitting places like Europe and Asia continues to present a real struggle. It's a threat to the comfort, security, and economic growth prospects of these populations. This has driven these governments to look abroad for sources of energy. And what better place to look than Canada?

Enter Altagas' global export platform. Through these facilities, Altagas is exporting record amounts of propane and butane to a variety of Asian markets. In 2021, EBITDA from the midstream segment increased 55%. Altagas has seen its volumes of liquified petroleum gas (LPGs) go from zero three years ago to 111,000 barrels a day last quarter. Also, last quarter, sales volumes increased 27% versus the prior year.

A top stock valuation

Altagas stock is trading at a mere 12 times next year's earnings. This is despite the fact that earnings have grown at a compound annual growth rate (CAGR) of 19% in the last four years. While the earnings growth rate will moderate going forward, the earnings are of increasingly high quality and predictability. In fact, this makes Altagas a top stock to buy right now.

Cineplex might not have bottomed, but its long-term outlook is compelling

Every time I think this is as low as it will get, **Cineplex Inc.** (TSX:CGX) seems to go lower. This slide is being driven by a market that's been preoccupied with macroeconomic risks. Interest rates are rising. That's never good for economic growth, as it stifles borrowing and consumer spending.

Yet, I will not let this distract me from the bigger picture. The fact is that Cineplex has tremendous value at these levels. It's financially secure, with growing cash flows and a business that's thriving once again. It's no secret that Cineplex stock has been one of the hardest hit stocks in the last few years. Many of us even questioned if Cineplex would survive.

But it did. And today, while the stock is stuck below $10, things are looking up. Earnings have come in better-than-expected in the last two quarters. Last quarter, EPS came in a full $0.60 higher than expectations. Cineplex posted EPS of $0.43 compared to a net loss of $(0.53) in the same quarter last year. This was driven by a sharp rise in attendance and revenue, which rose 34% and 35.7%, respectively.

So, moviegoers are back. In fact, after a weak late summer/early fall showing, they're returning to the theatre in droves. August's box office revenue was 64% of 2019 levels. In September, it was 52% of 2019 levels, and in October it was 62%. This was mostly a function of content (movie) supply issues related to COVID-19. Management expected this to ease toward the end of year as content ramped up. And it did. In fact, November's box office revenue was back up to 73% of 2019 levels, with no signs of stopping.

Cineplex stock: valuation

Cineplex stock is trading at a mere 10.5 times next year's earnings estimate. But the reality Is that its valuation is probably even cheaper than what this suggests because estimates have been too low and are therefore on the rise – making Cineplex a top stock to buy right now.

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