



## Many Good Reasons to Own This Stock Trading at New 52-Week Lows

### Description

**Savaria Corp.** ([TSX:SIS](#)) has a \$600 million market capitalization and a 3.11% dividend yield coming off strong growth both organically and via acquisitions that was followed by the stock recently falling off a cliff to new lows.

The company manufactures and distributes personal mobility products such as stair lifts, elevators, and platform lifts for the aging population in Canada, the United States, Australia, South America, and Europe.

Its stock has risen more than 350% in the last five years, as revenue has more than doubled, net income has increased 260%, and cash flow from operations has increased 170%.

Earnings per share have doubled since 2014, and is expected to double again by 2020.

The stock hit highs of more than \$20 back in the summer, but has fallen 34% since in a shocking turn of fortunes, as it falls victim to general market weakness as well as margin pressure.

But this has given investors an opportunity to buy a quality [growth stock](#) that is benefiting from growth in the healthcare sector and the aging population, which are clear drivers of long-term secular growth.

Third quarter 2018 results showed strong revenue growth of 26.5%, but weaker EBITDA and EPS performance that were very much below expectations as margins begin to drift lower, and after a period of heavy acquisition activity, now begins the work of integration efforts in order to increase profitability.

Adjusted EBITDA margins have been coming down, and coming down fast, from north of 17% to the company's forecast of 15.5% in 2019.

But make no mistake.

The cash flow generating capability of Savaria is strong, and in the latest quarter, free cash flow as a percent of revenue was 7.5%.

Accordingly, management [increased its dividend](#) 17% by in September.

### In summary

Savaria is a long-term growth business — the business of providing accessibility solutions in an effort to improve people's quality of life.

With 75% of its revenue coming from outside Canada, primarily the U.S., the company has a global presence, with manufacturing plants in Canada and sales offices around the world.

The company is therefore well-positioned for the future — and investors are faced with an attractive opportunity that they should consider acting upon.

Savaria stock trades at a P/E multiple of 24 times this year's consensus expected earnings and 17 times next year's earnings.

All in all, this stock is seeing very strong growth and trading at attractive valuations while giving investors a solid and growing dividend yield.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:SIS (Savaria Corporation)

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