



The 2 Best Canadian Stocks to Buy Now

Description

Kinaxis ([TSX:KXS](#)) and **Dollarama** ([TSX:DOL](#)) are two companies that are resilient to the pandemic. Dollarama isn't growing as fast as Kinaxis, but this low-beta stock could do better than other stocks during [a market crash](#). These two stocks are among the best Canadian stocks to buy now.

Dollarama

Dollarama is one of the best Canadian stocks you can buy during a recession, since it's a defensive stock. The pandemic hasn't dampened consumer interest in the dollar store chain. Quite the contrary. Dollarama managed to increase its revenue by 7.1% during the period ended August 2 (second quarter). It reached \$1.01 billion, against \$946 million in the same period last year.

On a comparable basis and excluding temporarily closed stores, sales jumped 5.4%.

Analysts on average expected earnings per share (EPS) of \$0.41. Again, Dollarama beat expectations with EPS of \$0.46 (+2.2%).

Net profit stood at \$142.5 million, which is slightly lower than the \$143 million recorded during the same period in 2019.

"Compared to the roller coaster we experienced in Q1 with the shift from panic buying to full lockdown, the situation stabilized on several fronts during Q2. We saw a steady improvement in customer traffic throughout the quarter," [Rossy said](#).

The Montreal-based retailer continues "to closely monitor consumer purchasing habits to ensure that in-store products remain relevant to Canadian families in an ever-changing socio-economic context modulated by the pandemic."

The additional direct costs of COVID-19 measures of \$34.3 million impacted the gross margin, but it nonetheless climbed 0.2 percentage points to 43.9% of sales. While purchases of impulse items such as candy and chewing gum have plummeted, the rise in seasonal products such as pool toys has

resulted in higher margins.

The average transaction size increased by 42%, tempered by a 26% drop in the number of transactions. Customers continue to consolidate their trips, but they are leaving stores with larger baskets.

A net number of 13 new stores were opened during the period. Dollarama currently operates 1,314 points of sale in Canada.

Kinaxis

Kinaxis is one of the best Canadian stocks to buy in the tech sector. As demand for its supply chain management software skyrocketed during the COVID-19 pandemic, Kinaxis upped its financial guidance for fiscal 2020 after recording a massive revenue increase in the second quarter.

The Kanata tech company's revenue for the three-month period ending June 30 increased 45% year over year to \$61.3 million (all U.S. figures). The company expects revenue for the current year to be between \$216 million and \$220 million, up from previous projections of around \$211 million to \$215 million.

Kinaxis's RapidResponse software helps some of the world's largest companies — including automakers **Ford** and **Nissan** as well as consumer products giant **Unilever** — ensure they have the right amount of raw materials to make their products by tracking demand and stocks in real time.

CEO John Sicard said that he believes global economic volatility fueled by the coronavirus pandemic has made his company's products more valuable than ever, as companies respond to the ebb and flow of demand for consumer goods.

The company's net income more than doubled to \$9 million from \$4 million in the second quarter of last year. The company's subscription-based software revenue, which accounts for the bulk of Kinaxis's revenue, rose 26% to nearly \$36 million, while the company's professional services division, which implements its software and trains its users, saw its revenue increase 48% to \$12.4 million.

Sicard hinted that there would be even better days for the company. Kinaxis expects to make major inroads into the retail market segment after acquiring Toronto-based software maker Rubikloud two months ago.

In addition, Sicard said the COVID-19 pandemic has delayed some contract signatures that are expected to bear fruit in the near future.

If you are looking for other best Canadian stocks to buy this month, keep reading.

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1. Investing
2. Tech Stocks

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2. TSX:KXS (Kinaxis Inc.)

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Date

2025/08/24

Date Created

2020/09/07

Author

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