



Got \$1,000? Buy These 4 Cheap Under-\$30 Canadian Stocks

Description

Although the Canadian equity markets are trading closer to their peaks, few companies are trading significantly lower than their recent highs, offering excellent buying opportunities. Meanwhile, here are four cheap stocks that you can buy for less than \$30, but that have the potential to deliver superior returns over the next two years.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)), which operates regulated utility assets and renewable power-generating facilities, is under pressure this year due to the impact of the deep freeze on its power production. Currently, it trades at a discount of 13.3% from its February highs. The pullback has dragged its valuation to attractive levels. Currently, the company trades at price-to-book and forward price-to-earnings multiples of 1.9 and 21.8, respectively.

Meanwhile, Algonquin Power & Utilities plans to make a [capital investment](#) of around \$9.4 billion over the next five years, growing its utility and renewable asset base. The company sells its power through long-term contracts, shielding its financials from price and volume fluctuations. So, given its healthy growth prospects and attractive valuation, [I am bullish on Algonquin Power & Utilities](#). The company also pays a quarterly dividend, with its forward dividend yield standing at 4.26%.

TransAlta Renewables

After delivering impressive returns of close to 100% in the last three years, **TransAlta Renewables** ([TSX:RNW](#)) is under pressure this year. The company has lost 4.1% of its stock value this year and is trading 16.7% lower than its February highs. Meanwhile, investors should utilize this correction to accumulate the stock to earn superior returns.

The company operates 47 diversified power-generating facilities, producing 2.54 gigawatts of power. It sells its power through long-term contracts, with the weighted average of those contracts standing at 12 years. Its strong balance sheet, strategic acquisitions, and a healthy pipeline of projects could

continue to boost its financials in the coming years. The company also rewards its shareholders with a monthly dividend. Its forward dividend yield currently stands at 4.61%.

Air Canada

The persistence of COVID-19 infections and the pandemic-infused travel restrictions have severely dented the passenger airline industry, including **Air Canada** ([TSX:AC](#)). It has lost over 40% of its stock value compared to its January 2020 levels. The steep fall has dragged its forward price-to-sales multiple to an attractive level of one.

Meanwhile, the company's cargo segment has been performing well. Amid rising demand, the company plans to add two more flights to expand its cargo operations to international routes. The widespread vaccination could prompt governments worldwide to ease harsh travel restrictions, boosting passenger demand. The company's strong balance sheet and cost-cutting initiatives could support its recovery over the next few quarters. So, I believe Air Canada could be an excellent buy at these levels.

Cineplex

After a steep correction last year, **Cineplex** ([TSX:CGX](#)) has witnessed a strong buying this year, with its stock price up close to 70%. Despite the substantial rise, the company still trades over 50% lower than its pre-pandemic levels, offering an excellent buying opportunity. Its valuation also looks attractive, with forward price-to-sales multiple standing at 0.9.

Amid falling COVID-19 cases and widening vaccination, Canadian provinces are planning for the phased reopening of the economy. The gradual reopening of theatres and entertainment places and postponement of movie releases from last year to this year could improve theatre attendance, thus boosting Cineplex's financials in the coming quarters.

The company has strengthened its balance sheet and has taken several cost-cutting initiatives, which could help the company bounce back quickly. So, I am bullish on Cineplex.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AC (Air Canada)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CGX (Cineplex Inc.)
5. TSX:RNW (TransAlta Renewables)

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