



3 Ultra-Cheap Canadian Stocks to Buy This September

Description

With the **TSX Index** recently riding higher and higher, it is hard to imagine that there are still Canadian stocks that can be bought for a bargain. Yet, in every market, there are always opportunities, especially for the investor willing to be a contrarian.

The market often thinks short-term. Investors who can look past market noise and find stocks with fundamentally “good-bones” can stand to profit over the longer term. Here are three Canadian stocks that have some “noise,” but look pretty [cheap](#) today.

Canadian Pacific Railway: A top transportation stock

It has undoubtedly been a choppy year for Canadian railroads. Yet, all you have to do is take a look at a five-year or 10-year stock chart to recognize these are great investments. That is why **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)) looks pretty attractive today.

Just this week, the U.S. Surface and Transportation Board (STB) rejected **Canadian National’s** voting trust structure to acquire **Kansas City Southern**. Consequently, the market is now anticipating CP could be in the driver’s seat to be [the acquirer](#) (again). Certainly, CP would be paying a pretty hefty price for KSU. It will have to take on some serious debt to fund the acquisition.

Yet, given CP’s history as one of North America’s best operators, I am less concerned. CP has a phenomenal management team that has widely outperformed CN for years.

By integrating KSU into its network, CP will not only have the only Canada-U.S.-Mexico railroad, but it will also have substantial upside from synergies. Regardless of what happens, this is a very well-run business with years of steady earnings growth ahead. This Canadian staple stock looks attractive today.



Suncor Energy: A top energy stock

A slightly more cyclical Canadian stock to consider is **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). With a forward price-to-earnings ratio of 7 times, this stock is pretty cheap. In fact, it has given up most of its gains over the summer and the stock is sitting below its January levels.

Now, investors in this stock have to be prepared for volatility. Suncor has had some operational issues that it is still working through. Yet, this company is in far better shape than it was even prior to the pandemic. Through 2020, it reduced its cost structure and continued to improve the efficiency of its operations.

Right now, with oil over \$60, it is gushing tons of free cash flow. It is funnelling that to aggressively pay down debt and buy back stock. Suncor's balance sheet is improving and should be in a position to increase its already nice 3% dividend fairly soon. If you are willing to be a contrarian, this is definitely an interesting [value stock](#).

Sangoma Technologies: A top Canadian tech stock

Canadian technology stocks have had a strong recovery over the summer months in 2021. Yet, there are a few smaller-cap stocks that have been left out. One of these stocks is **Sangoma Technologies** (TSXV:STC). It has had an up-and-down year as a stock, but its operational and financial performance has been strong.

It has been growing revenues by a compounded annual growth rate of 58% since 2016. Despite strong growth, it has done so profitably, delivering adjusted EBITDA margins in the range of 17-20%.

Sangoma just acquired a large cloud-based communications provider. The combined entity will provide a full suite of communications-as-a-service solutions that should expand its scale, product mix, and customer base.

This Canadian stock trades at a significant discount to unprofitable peers in the United States. Sangoma is planning a U.S. stock listing in the next few months, so that could be a major catalyst to see this stock's valuation re-rate.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CP (Canadian Pacific Railway)
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