



## 3 High-Growth Small-Cap Stocks to Buy Right Now

### Description

Small-cap stocks have high-growth potential and could deliver superior returns in the long run. However, these stocks are highly susceptible to market volatilities and are riskier. So, investors with higher risk-tolerance capacity can buy the following three stocks to earn superior returns over the next three years.

### Aurora Cannabis

Despite the continued weakness in the cannabis space, I have picked **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) as my first pick due to the expanding cannabis market due to its growing medical usages and increased legalization. The company had also posted an [improved fourth-quarter performance](#) last month, with its adjusted EBITDA losses and cash burn falling year over year.

Meanwhile, Aurora Cannabis has acquired around 20% of the Canadian medical cannabis market while enjoying a higher gross margin of 60%. So, the company is planning to allocate more resources to the segment to increase its market share further. It is also expanding its presence in the international market through new product launches, innovation, and strengthening its supply chain.

Additionally, Aurora Cannabis has planned to launch higher-THC content premium products in the recreational cannabis space to boost its sales and margins. Meanwhile, the company has also taken several cost-reducing initiatives, which can deliver \$60-\$80 million of savings over the next 18 months. So, given its healthy growth prospects and cheaper valuation, [I am bullish on Aurora Cannabis](#).

### Savaria

With returns of around 39% this year, **Savaria** ([TSX:SIS](#)) has outperformed the broader equity markets. Its strong performance in the first six months and the acquisition of Handicare appear to have driven its stock price higher. Despite the steep rise, the mobility and accessibility solutions provider still trades at an attractive forward price-to-sales multiple of 1.8.

Meanwhile, the demand for Savaria's products and solutions could increase in the coming years amid the growing aging population and rising income levels. Besides, the acquisition of Handicare has added new production facilities, expanded its product offering, increased its geographical presence, provided cross-selling opportunities, and diversified its revenue stream.

Further, Savaria's management had raised its monthly dividends by 4.17% to \$0.0417 per share, with its forward yield standing at 2.49%. So, given its healthy growth prospects, attractive valuation, and steady monthly dividends, I am bullish on Savaria. Analysts also look bullish on Savaria, with all the eight analysts issuing a buy rating.

## Cineplex

Although **Cineplex** ([TSX:CGX](#)) has witnessed a strong buying this year, it is still trading at a significant discount from its pre-pandemic levels, providing an excellent buying opportunity. With the easing of restrictions, the company has reopened all its screens from July 17. Its subscription programs, enhanced safety measures, and growing food delivery services could boost its financials in the coming quarters. Also, the company could benefit from the widespread vaccination, pent-up demand, and new movie releases.

Additionally, Cineplex has taken several cost-reduction measures and strengthened its liquidity positions, which could help it bounce back quickly. Meanwhile, it is also trading at an attractive valuation, with its forward price-to-sales multiple standing at 0.6. So, given the improving business environment and its cheap valuation, I expect Cineplex to deliver superior returns over the next three years. Meanwhile, analysts favour a hold rating, with four of the seven analysts issuing a "hold" rating.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)
3. TSX:CGX (Cineplex Inc.)
4. TSX:SIS (Savaria Corporation)

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