3 Canadian Stocks to Buy on the Dip Right Now

Description

Buying stocks on the dip, especially of fundamentally strong companies, could be a highly profitable strategy. Interestingly, a few top-quality TSX stocks have recently witnessed a healthy correction due to the profit-booking and concerns over the new variant of COVID-19.

I see this dip as a solid opportunity to buy these fundamentally strong stocks. With that in the background, let's focus on three Canadian stocks that have reversed a portion of their gains and are attractively priced at the current levels.

WELL Health

WELL Health Technologies (TSX:WELL) stock appears to be a solid long-term bet at the current levels. Shares of the telehealth company have witnessed a healthy pullback and are down about 15% this year.

The continued growth in its base business and strategic acquisitions will likely drive its financials and accelerate its growth. Furthermore, its growing market share in the digital health market and expansion in the U.S. support my bullish outlook. Thanks to sustained momentum in its revenues and focus on cost optimization, WELL Health's EBITDA will likely grow in the coming quarters.

Notably, WELL Health has delivered positive adjusted EBITDA in the last three quarters and expects the trend to sustain. It projects to generate an annualized revenue and adjusted EBITDA run rate of $400 million and $100 million, respectively, which is encouraging.

Goodfood Market

Goodfood Market (TSX:FOOD) stock is another solid investment option at the current levels. The company has gradually transformed itself as Canada's leading on-demand online grocery service provider and has maintained a strong competitive positioning in the growing online grocery market.

However, normalization in demand amid economic reopening has led to a healthy correction in Goodfood Market stock, and it has declined about 30% this year. Nevertheless, I am bullish on the company's long-term prospects.

The ongoing digital shift, increased adoption of online grocery services, solid subscriber base, growing grocery selection, and same-day delivery capabilities augur well for growth. Further, its fixed-cost leverage, focus on reducing delivery time, optimization of cost structure, and last-mile delivery optimization augur well for margins.

Dye & Durham

The overall selling in tech stocks weighed on **Dye & Durham** (TSX:DND), which has declined about 25% this year but has the potential to deliver stellar returns in the coming years. Notably, its solid financials and ability to acquire and integrate companies support my optimism.

It is interesting to note that Dye & Durham's revenues and adjusted EBITDA have grown at a breakneck pace over the past several quarters. Meanwhile, I expect the momentum to sustain. Its large blue-chip customer base, high reoccurring revenues, and strong retention rate will likely support its growth. Meanwhile, its long-term contracts with top clients and strategic acquisitions are expected to accelerate its growth.

Further, its focus on revenue diversification, solid balance sheet, robust capital-allocation strategy, and growing market share bode well for growth. In my opinion, the reopening of courthouses and increased economic activities will likely drive demand for Dye & Durham's products and services. Moreover, expansion in high-growth markets should drive its financials and, in turn, its stock price.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:FOOD (Goodfood Market)
3. TSX:WELL (WELL Health Technologies Corp.)

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