Got $1,000? Buy These 3 Under-$30 Canadian Stocks

Description

Amid improving corporate earnings, the Canadian equity markets are scaling new highs. However, the rising inflation and the expectation of sooner-than-anticipated interest rate hikes are a cause of concern. Despite an uncertain outlook, I expect these three Canadian stocks to outperform over the next two years.

Savaria

On Wednesday, **Savaria** (TSX:SIS) reported a solid third-quarter performance. Its revenue grew over 99% to $180.8 million, primarily due to the acquisition of Handicare. Its organic growth stood at 3.5%, while unfavourable foreign exchange offset some of the growth. Meanwhile, the company's adjusted EBITDA grew 55.6% to $26.3 million. However, its adjusted EBITDA margin contracted by 4% to 14.6% due to the acquisition of Handicare and soaring freight expenses.

Savaria's financials could continue to rise amid growing demand for its services due to the aging population and rising income levels. The acquisition has also strengthened its production capabilities, improved efficiency, expanded product offerings, and diversified its revenue streams. It also pays a monthly dividend of $0.04 per share, with its forward yield at 2.33%. So, I believe Savaria would be an excellent buy right now.

Air Canada

Amid the reopening of the borders, **Air Canada** (TSX:AC) could also be an excellent addition to your portfolio. It has resumed its services to various destinations worldwide ahead of the holiday season. The wide-scale vaccination, pent-up demand, and introduction of its loyalty program, Aeroplan, could drive passenger demand in the coming quarters. Meanwhile, the management has planned to raise its ASM capacity to 135% in the fourth quarter.

Additionally, Air Canada is strengthening its cargo operations with the addition of new aircraft and routes. To boost its cold chain handling capabilities, the company is constructing a $16 million project at the Toronto Pearson International Airport cargo facility. Along with these factors, its cost reduction initiatives could boost its financials.

Meanwhile, the company currently trades at an attractive forward price-to-sales multiple of 0.6. So, given its healthy growth prospects, attractive valuation, and strong liquidity of $14.4 billion, I am bullish on Air Canada.

Telus

In its recently reported third-quarter earnings, **Telus** (TSX:T)(NYSE:TU) has added an impressive 320,000 new customers, the company's highest new customer additions ever. The industry-leading mobile phone churn and the expansion of its 5G service and PureFibre network appear to have helped the company add a record number of new customers.

TELUS International and TELUS Health posted double-digit revenue growth due to organic customers' growth and acquisitions. Supported by these factors, the company's revenue and adjusted EBITDA grew by 6.8% and 7.1%, respectively. Further, the company also raised its quarterly dividends by 5.2% to $0.3274 per share, with its forward yield standing at 4.52%.

Meanwhile, the demand for faster and reliable internet is rising due to increased digitization, benefiting Telus. The company's continued investment in expanding its 5G and high-speed broadband services could boost its financials in the coming quarters. With its liquidity standing at $1.2 billion, the company is well-equipped to fund its growth initiatives. So, I believe Telus could deliver superior returns over the next two years.

CATEGORY

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3. TSX:SIS (Savaria Corporation)
4. TSX:T (TELUS)

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