



2 Under-the-Radar Canadian Stocks to Buy in December 2021

Description

The **S&P/TSX Composite Index** reached all-time highs last month, but the end of the earnings season left some Motley Fool investors wanting. While the **TSX** today is up 18% year to date, it has come down a bit amid fears of supply chain issues for Canadian stocks during the holiday season.

You would be right to be concerned. Inflation in the manufacturing of products caused an increase in prices. The world is used to the pandemic reality of ordering and receiving products almost immediately. As costs rise not just to make products but also to ship them, there are several companies that could actually do worse during the holidays, a time when most companies see growth.

Yet there are certainly Canadian stocks offering value right now, but they're in entirely unrelated industries compared to supply chain issues. So if you're looking for strong companies, I would consider these two Canadian stocks right now.

Canadian stock #1: Bombardier

Air travel was one of the hardest-hit areas during the pandemic for Canadian stocks. Without a vaccine, airplanes remained grounded around the world. And even with a vaccine, it took a long time for rates to climb, and restrictions remained in place. However, there is an improving outlook with rates higher and higher, and seating capacity climbing.

Yet **Bombardier** ([TSX:BBD.B](#)) continues to fly under the radar despite positive [announcements](#) in the last few months. Bombardier stock shows confidence in its future after strong earnings that announced a new Challenger 3500 jet. This came with a \$534 million order of 20 of those jets.

Furthermore, it's now creating a global manufacturing facility at Toronto Pearson Airport as it shifts toward just business aircraft. Dropping its other revenue streams and focusing on this area proved well for Bombardier stock. Its last earnings report saw \$1.4 billion of revenue, up 17% year over year. Plus, it reached an adjusted EBITDA of \$142 million with the progress of its new aircraft.

Even still, shares of Bombardier stock remain of high value. The company trades at about \$1.75 as of

writing with a P/E ratio of 0.79. It has a one-year target price of \$2.34 by analysts as well. Bombardier stock has risen 250% year to date, making it one of the best-performing Canadian stocks during this comeback.

Canadian stock #2: Algonquin Power

Utility companies may not seem exciting, and that's the glory of them. The reliability of utility income is exactly why Motley Fool investors should be interested. The entire industry hasn't really changed, and neither has its method of bringing in stable revenue.

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#)) falls right into this category, with a market capitalization of \$11.8 billion. The company brings in stable utility revenue that it uses to pay solid dividends and acquire more companies. Yet it also invests in natural gas and renewable energy, providing higher revenue than some other utility companies.

If you take into account its growing dividends, it's one of the Canadian stocks that has really outperformed its peers. Algonquin stock currently has a [dividend](#) yield of 4.8%.

However, its share price is still incredibly low. This came after the company announced it would be acquiring Kentucky Power, and investors weren't that impressed. Rather, investors likely hoped a dividend [increase](#) would come instead.

Still, its latest earnings report proved why Algonquin stock remained confident in buying a new company. Its revenue increased 40% year over year to \$528.6 million, with adjusted EBITDA up 27% to \$252 million. Yet it remains in value territory, trading at 14.53 times earnings.

This low-volatile stock offers a great chance to buy low and see major heights. Especially as it brings on another strong power company. Among Canadian stocks, this is a winner for long-term Motley Fool investors seeking both income and growth, especially at these levels.

CATEGORY

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:BBD.B (Bombardier)

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