3 Canadian Stocks to Watch Out for as Potential Buys

Description

The resurgence of COVID-19 cases from the highly contagious Omicron variant has made investors nervous, thus dragging the equity markets down over the last few days. Since November 25, the **S&P/TSX Composite Index** has corrected by around 3.9%. Meanwhile, the pullback offers excellent buying opportunities for long-term investors in high-quality Canadian stocks. So, if you are ready to invest, here are three stocks that you should watch out for as potential buys.

Docebo

First on my list is **Docebo** (TSX:DCBO)(NASDAQ:DCBO), which offers highly configurable learning management solutions. The pandemic-induced restrictions led to increased remote working and learnings, driving the demand for the company's solutions. In the recently reported third-quarter earnings, the company's top line and annual recurring revenue grew by 68% and 60%, respectively.

Meanwhile, given the convenience and cost-effectiveness of e-learning management solutions, organizations are adopting them to train their employees, partners, and customers, thus benefiting Docebo. Meanwhile, Docebo is adding new tools, such as Docebo Connect and Docebo Flow, allowing its customers to integrate Docebo's LMS with their enterprise solutions faster and effectively. So, the company's outlook looks healthy.

However, Docebo is trading over 27% lower from its September highs. The concerns over its high valuation and weakness in the broader equity markets have dragged its stock down. Meanwhile, I believe the steep pullback offers an excellent entry point for long-term investors.

goeasy

goeasy (TSX:GSY) provides leasing and lending services to sub-prime customers across Canada. Over the previous two decades, it has delivered an impressive performance, with its top line and adjusted EPS growing at double digits. Meanwhile, the demand for the company's services could sustain amid improving economic activities.

goeasy is strengthening its omnichannel distribution model, which could help customers transact through multiple channels. It is also expanding its geographical presence to increase its market share. Along with these initiatives, its acquisition of LendCare, which has added new business verticals, could drive its financials in the coming years. Meanwhile, the company's management projects the company's portfolio to increase from $1.8 billion as of September 30 to $3.0 billion by the end of 2023.

Despite its healthy growth prospects, goeasy trades at an attractive forward price-to-earnings multiple of 15.6. It has also been raising its dividends at a CAGR of over 34% since 2014. So, goeasy would be an excellent addition to your portfolio.

Waste Connections

My final pick is **Waste Connections** (TSX:WCN)(NYSE:WCN), which collects, transfers, and disposes of non-hazardous solid wastes. Given the essential nature of its business, the demand for the company's services could sustain. It operates in secondary or exclusive markets, thus having fewer competitors. The company also focuses on strategic acquisitions to expand its footprint and strengthen its competitive positioning in specific markets.

Further, the rising oil demand could also increase exploration and production activities, thus increasing Waste Connections's revenue from the segment. So, the company's outlook looks healthy. Meanwhile, its management had raised its guidance for this fiscal after reporting solid third-quarter performance. In October, the company's board had also increased its dividends for the 11th consecutive year to $0.205 per share. So, given its strong fundamentals and healthy growth prospects, I am bullish on Waste Connections in these volatile times.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

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2. NYSE:WCN (Waste Connections)
3. TSX:DCBO (Docebo Inc.)
4. TSX:GSY (goeasy Ltd.)
5. TSX:WCN (Waste Connections)

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