



3 Big-Potential Stocks to Buy on the TSX

Description

All eyes are on energy stocks since the armed conflict in Eastern Europe began in late February 2022. Crude prices are rising to record levels so that oil and producers are [flush with cash](#). Most Canadian energy firms are announcing dividend hikes or share buybacks to enhance shareholder returns.

Lost in the frenzy are **Labrador Iron Ore Royalty** ([TSX:LIF](#)), **Premium Brands Holdings** ([TSX:PBH](#)), and **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)). All three are big-potential stocks, especially for [growth investors](#). The companies have presented impressive financial results for 2021. Barring any disruptions in the respective businesses, the top and bottom lines should increase further this year.

Dividend beast

Labrador isn't an iron ore producer but it benefitted from higher iron ore prices and pellet premiums in 2021. Hollinger-Hanna Limited, its subsidiary, has a 15% ownership stake in the Iron Ore Company of Canada (IOC). The subsidiary collects royalties and commissions from IOC.

In the year ended December 31, 2021, revenue and net income grew 38.26% and 67.17% versus 2020. Notably, cash flow from operations increased 129.42% year over year to \$402.4 million. The \$2.9 billion royalty corporation is a generous dividend payer. At \$49.91 per share, the dividend offer is 12.02%. Current investors also enjoy a 32.99% year-to-date gain.

Note, however, that Labrador is highly dependent on the operations of IOC. Besides volume and mix of iron ore products, seasonality could impact IOC's earnings and cash flows. Thus, the dividend yield could [spike or dip](#).

Consumer-defensive stock

Premium Brands is a consumer-defensive stock. The \$4.77 billion company manufactures specialty food and is well-known for its food distribution business in Canada and the United States. Despite the massive industry headwinds in 2021, revenue and earnings increased 21.2% and 58.54% versus 2020.

Its president and CEO, George Paleologou, said, “2021 was a very challenging year for our industry and for many of our businesses. A once in a century pandemic, unprecedented raw material cost inflation, persistent supply chain disruptions and acute labor shortages created the perfect storm.”

The stock underperforms year to date (-15.68%), although the 12-month average price target of market analysts is \$147.90 (+38.72%). At \$106.62 per share, Premium Brands pay a decent 2.39% dividend.

Organic growth engine

TSX's technology sector isn't performing up to par since riding high in 2020. The year-to-date loss is 27.04%, the worst among the 11 primary sectors. Its constituents, including tech superstar **Shopify**, have lost favour with investors. However, Docebo shows promise and visible growth potential after presenting its full-year 2021 results.

While net loss grew 70% versus full-year 2020, revenue and subscription revenue increased 66% and 92% year over year, respectively. Docebo's customer base also increased 28.73% to 2,805. The \$1.7 billion company offers multi-product learning suites to enterprises across several industries.

Among its new high-profile clients are BMW, Stanley Black & Decker, and the National Collegiate Athletic Association (NCAA). Docebo's founder and CEO, Claudio Erba, said, “The consistency of our growth both during the pandemic and the years prior to it, reflect the strength of our organic growth engine.”

Docebo trades at a deep discount (-38.82%), but based on market analysts' forecasts, the current share price of \$51.92 could climb between 35.07% and 102.31% in 12 months.

Excellent picks

The stocks in focus are excellent picks in lieu of oil stocks. The rally might end if an energy war erupts.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:LIF (Labrador Iron Ore Royalty Corporation)
4. TSX:PBH (Premium Brands Holdings Corporation)

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