



It's Not Too Late to Buy Savaria (TSX:SIS) Stock on the Dip

Description

Savaria ([TSX:SIS](#)) is a Laval-based company that provides accessibility solutions for elderly and physically challenged people in Canada and around the world. Today, I want to discuss how the stock has performed for most of 2022. Moreover, we'll discuss how the company looks ahead of its next earnings release. Let's jump in.

How has this stock fared over the past month?

Shares of this Canadian stock have plunged 25% in 2022 as of close on August 3. However, the stock has increased 5.8% in the month-over-month period. Savaria has tracked with the broader TSX, which has been hit by volatility since the middle of the spring season. Investors should be intrigued by the opportunity to add this promising stock after a sharp correction this year.

Before we delve into its earnings, we should reflect on this company's potential in the long term. Indeed, the personal mobility devices market is geared up for very strong growth over the next decade and beyond. Canada and the rest of the developed world is set to tackle an unprecedented demographic challenge, as the proportion of seniors in the overall population will post massive growth.

Transparency Market Research estimated that the global personal mobility devices market was worth \$10.4 billion in 2021. The report projects that this will reach \$20.5 billion by the end of 2031. That would represent a compound annual growth rate (CAGR) of 7.1% over the forecast period.

Should investors be encouraged by Savaria's recent earnings?

Investors can expect to see the company's second-quarter 2022 earnings before markets open on August 11. Savaria unveiled its first-quarter 2022 results on May 11.

The company's total revenue climbed 63% year over year to \$183 million in the first quarter of 2022. That growth was primarily due to its acquisition of Handicare in March of last year. Gross profit jumped 56% to \$58.5 million and operating income rose 38% to \$8.8 million. Moreover, adjusted EBITDA

increased 41% year over year to \$24.4 million.

Savaria delivered robust growth in the first quarter of 2022, but it did not come out of the [COVID-19 pandemic](#) unscathed. According to president and CEO Marcel Bourassa, it suffered from “lost production hours in our key factories.” The company was able to offset this reduction through price hikes. It expects that rising prices and improved customer shipments will bolster its second-quarter earnings report.

Savaria: Is the stock worth buying today?

This company also provided its outlook in the first-quarter 2022 earnings report. It anticipates that organic growth in its Accessibility and Patient Care segments will remain robust due to strong demand in domestic and international markets. Meanwhile, it should continue to benefit from the acquisition and ongoing integration of Handicare. Investors should be eager to snatch up this stock that is well positioned for impressive growth going forward.

Shares of Savaria currently possess a price-to-earnings ratio of 79. That still puts this stock in favourable value territory compared to its industry peers. Better yet, this stock offers a monthly dividend of \$0.042 per share. That represents a 3.6% yield.

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