3 Cheap Canadian Stocks to Buy Under $20

Description

Forming a formidable, diversified portfolio at a low cost to start 2023 is possible. **Meg Energy** (TSX:MEG), **Savaria Corporation** (TSX:SIS), and **Primaris** (TSX:PMZ.UN) are screaming buys and price-friendly at less than $20 per share.

Soaring profits

Meg Energy, a top performer in 2022, is still cheap at $18.18 per share. Market analysts covering the stock have a 12-month high price target of $34 (+87%). This energy stock's gain of 137.7% in three years translates to a compound annual growth rate (CAGR) of 33.3%.

This $5.4 billion energy company is a pure-play Canadian oil sands producer. In the nine months that ended September 30, 2022, Meg's net earnings soared 607.6% year over year to $743 million. The energy stock doesn't pay dividends, but with overflowing free cash flow (FCF), it can do more share buybacks. The $1.3 billion FCF after three quarters in 2022 represents a 287.4% increase from a year ago.

Incredible growth potential

Savaria is a solid prospect for its long-growth runway in the accessibility industry. The $940.2 million company manufactures accessibility equipment and provides mobility solutions. Its product line, for both commercial or home use, is one of the most comprehensive on the market today.

The business is doing well, as evidenced by its impressive top- and bottom-line growth. After three quarters in 2022, revenue and net earnings climbed 22.4% and 127.1% year over year to $577 million and $24 million, respectively. In Q3 2022, all operating segments, namely accessibility (72%), patient care (21%), and adapted vehicles (7%), posted strong organic growth versus Q3 2021.

President and CEO Marcel Bourassa said the industry continues to offer Savaria incredible potential. With the newly built factory in Mexico complementing two facilities in China, management is confident about meeting the $1 billion revenue goal in 2025. Savaria trades at $14.60 per share and pays a decent 3.56% dividend.

Healthy space with growth opportunities

TSX's real estate sector underperformed in 2022, but Primaris is an exception. At $14.71 per share, the trailing one-year price return is 24.2%, while the dividend yield is 5.57%. The $1.5 billion real estate investment trust (REIT) is Canada's only enclosed shopping centre-focused REIT (35 properties worth $3.2 billion).

In the nine months that ended September 30, 2022, net income declined 96% year over year to $13.7 million, although net operating income (NOI) increased 49.2% to $156.7 million from a year ago. At the close of Q3 2022, the committed and in-place occupancy rates were 91.7% and 90.7%, respectively.

Management said Canada's retail property landscape is structurally different from that of the US. It also believes that the country's shopping centre space is healthy, with significant growth opportunities. Primaris established Primarche, a proprietary e-commerce integration technology platform, in November 2021 to further leverage the shopping centres and provide value-add to its tenants.

For price-conscious investors

These three cheap stocks are select choices for price-conscious investors. Meg Energy is among the top 30 performing growth stocks in 2022 (ranked 15th). Savaria can bank on the aging baby boomers to drive demand for its products. Primaris is well-positioned to seize market opportunities as Canada's retail property landscape recovers and evolves.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:MEG (MEG Energy Corp.)
2. TSX:PMZ.UN (Primaris Real Estate Investment Trust)
3. TSX:SIS (Savaria Corporation)

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Date
2025/07/21
Date Created
2023/01/09
Author
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