2 Canadian Stocks I'm Buying Lots of This Year

Description

The **S&P/TSX Composite Index** rose 100 points on Thursday, January 26. Some of the top-performing sectors included energy, financials, information technology, and health care. Today, I want to zero in on two Canadian stocks in the health care and industrials spaces. I'm looking to stack shares of both equities throughout 2023. In this article, I will explain why. Let's jump in.

This Canadian stock is still worth buying after the COVID-19 pandemic

VieMed Healthcare (TSX:VMD) is a Louisiana-based company that provides in-home durable medical equipment (DME) and post-acute respiratory healthcare services to patients in the United States. Shares of this healthcare stock have soared 95% year over year as of close on January 26. Moreover, the stock has jumped 6.6% to kick off the new year.

This Canadian stock stole headlines during the COVID-19 pandemic, and with good reason. It offered its services to healthcare facilities that were in desperate need of ventilators. The pandemic also presented an opportunity for VieMed to boost its revenue in the near term. That means it has seen its earnings dip as the pandemic has waned, but it still boasts a bright future.

Last year, Precedence Research estimated that the global home medical equipment market was valued at US$35.7 billion in 2021. The North American region accounted for more than 40% of the market share in that year. This report projects that the market will achieve revenue of US$62.1 billion in 2030. That would represent a compound annual growth rate (CAGR) of 6.3% over the forecast period.

The company unveiled its third-quarter (Q3) fiscal 2022 earnings on November 1. VieMed delivered record net revenues in its core business of $35.8 million — up 28% from the prior year. Meanwhile, its ventilator patient count increased 11% to 9,127. That was the highest growth rate experienced since the beginning of the COVID-19 pandemic.

Shares of this Canadian stock are trading in favourable value territory compared to its industry peers.

Meanwhile, it is on track for strong earnings growth going forward.

Don’t sleep on this Canadian stock that can benefit from higher steel prices in 2023

Stelco Holdings (TSX:STLC) is a Hamilton-based company that is engaged in the production and sale of steel products in Canada, the United States, and around the world. Its shares have climbed 46% year over year as of close on January 26. This Canadian stock has jumped 17% so far in the first month of 2023. Investors who want further details on its recent performance can play with the interactive price chart below.

Investors can expect to see Stelco’s Q4 and full-year fiscal 2022 earnings in the second half of February. In Q3 2022, the company saw revenue dip 38% year over year to $846 million. Meanwhile, it reported adjusted net income of $163 million or adjusted net income per share of $2.40 — down 74% from the third quarter of fiscal 2021.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure aims to give a more accurate picture of a company’s profitability. Stelco achieved its seventh straight quarter with the highest adjusted EBITDA margin of any United States or Canadian reporting steelmaker.

This Canadian stock currently possesses a very attractive price-to-earnings ratio of 2.6. Moreover, Stelco offers a quarterly dividend of $0.42 per share. That represents a 3.2% yield. Steel prices have ticked up in the first weeks of 2023, but demand remains inconsistent. Regardless, I’m looking to snatch up Stelco in late January.

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