



BUY ALERT: 2 Stocks to Weather Market Volatility

Description

The pandemic has hit many companies. Several companies trading on the **TSX** are expected to report a decline in revenue and profit for 2020. We see a lot of volatility in the stock market due to uncertainty about earnings. But there are a few companies that are expected to remain profitable throughout the pandemic.

Here are two quality, profitable stocks that can act as a defence against market volatility. They are delivering impressive returns despite the pandemic.

Kirkland Lake Gold

The past week was historic for gold prices. Gold rose to near its nine-year high, approaching its all-time high of US\$1,920 an ounce. Further gains are likely. A weak U.S. dollar, declining yields, concerns about rising COVID-19 cases and growing tensions between the U.S. and China are all driving the yellow metal now.

The rise in gold prices is favourable for [gold stocks](#) like **Kirkland Lake Gold** (TSX:KL)(NYSE:KL).

Kirkland has a favourable combination of growth, margins, and exploration expected at a competitive relative valuation to the peer senior producer group average.

Kirkland reported higher-than-expected gold production in the second quarter ended June 30.

The Canadian company's 329,800-ounce production was 54% higher than the same period in 2019, mainly thanks to its purchase of Detour Gold Corp.

The Detour Lake open pit gold mine in northeastern Ontario contributed 132,000 ounces to Kirkland Lake's quarterly total, while its Fosterville mine in Australia produced 155,000 ounces, a 10% increase from the previous year quarter, as more tonnes of ore were processed.

CEO Tony Makuch said operations at Detour Lake were scaled back in March due to COVID-19

measures but recovered quickly after being restarted in early May.

National Bank analyst Mike Parkin said Kirkland broke its second-quarter production estimate by around 6%. The company is well positioned to beat its updated annual production forecast of 1.35 million to 1.4 million ounces.

Free cash flow generation is expected to fund Kirkland's substantial returns to shareholders, including its 20 million share-buyback program over one to two years. The gold miner recently doubled its quarterly dividend to \$0.125 per share. The dividend yield is around 1%.

Kirkland's revenue is expected to increase by 69.2% to \$2.33 billion this year, while EPS are expected to grow by 15.3% to \$3.16 per share.

Shares of Kirkland have soared by 14% year to date and should continue doing well during the rest of the year.

Cargojet

Cargojet ([TSX:CJT](#)) enjoys an impressive competitive position in the niche time-sensitive overnight cargo segment in Canada and has impressive fundamentals.

The company controls about 95% of the domestic overnight cargo business, benefits from long-term contracts with strong customers, and has about 75% of contracted volumes.

Cargojet posted strong first-quarter results. Total revenues were \$123 million, up 11.4% from the previous year. Adjusted EBITDA was \$40.2 million, an increase of 24.5% versus the previous year.

E-commerce continues to grow in double digits. The [growth of e-commerce](#) has also enabled the company to improve the use of its assets, which is positive for the growth of margins and capital intensity.

Cargojet revenue is expected to increase by 8.2% to 526.4 million this year, while EPS is expected to grow by 118.8% to \$1.86 per share.

Shares of Cargojet have soared by 50% year to date but still have significant upside.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Tags

1. Editor's Choice

Date

2025/08/26

Date Created

2020/07/27

Author

sbchateauneuf

default watermark

default watermark