2 Hot TSX Stocks to Buy After Earnings

Description

This past earnings season was one of the most important in a long time for **TSX** stocks. When the coronavirus pandemic first hit, for most companies, it was toward the end of the first quarter.

So, getting a look at these second-quarter results has been crucial to see the full impact the pandemic has had on companies.

In addition to the earnings reports giving a good glimpse of how each company has fared so far, it also gave management the chance to state where the company is and what goals and expectations it has for the rest of the year.

This is crucial in case of another uptick in cases when the second wave arrives in the fall like most experts expect it to.

Whatever stocks you own or are watching, make sure you take into account the most recent earnings report, and especially what management expects for the rest of the pandemic.

Here are two of the best TSX stocks after this past earnings season.

Rapidly growing TSX consumer staple stock

The first stock to consider is the exceptional growth stock, **Alimentation Couche-Tard** (TSX:ATD.B).

Alimentation Couche-Tard owns thousands of convenience stores and gas stations around the world. These businesses are generally highly defensive in regular recessions. However, in the initial shutdown phases of the pandemic, both fuel volumes and merchandise sales took big hits.

According to its most recent earnings report, though, the company is seeing a significant recovery. More consumers are turning to convenience stores to avoid the hassle of large grocers. This has helped merchandise volumes recover substantially.

In the U.S., Canada, and Europe, merchandise same-store sales growth (SSSG) was positive compared to the same quarter last year.

It's worth noting that fuel volumes have remained negative compared to the same quarter last year across all three major regions. However, the margins have more than offset the reduction in volume, leading to a 9% increase in gross profit for the quarter, despite a 31% decrease in revenue.

It's also worth noting that the TSX stock actually managed to cut costs in the quarter, despite the added expenses associated with the pandemic. This is extremely impressive and played a significant role in Couche-Tard's incredible quarter.

A quarter like this while we are still in the middle of the pandemic shows what an incredible business Alimentation Couche-Tard really is. Going forward, I only expect it to continue to grow, especially as we emerge from the pandemic.

Plus, with its nearly $6 billion in liquidity, I wouldn't be surprised if the company looked for some high-value deals it could acquire in the short term.

Top long-term TSX growth stock

Unsurprisingly, another top performer so far in this pandemic is also a highly defensive business, **Dollarama** (TSX:DOL).

Dollarama is a stock that has excelled in recent years. The growth has been a result in part because of great execution and merchandising by the company, but also what it is that the company offers its customers.

Offering essential goods that are inferior substitutes to those goods sold at Dollarama's larger competitors allows customers to save money on things they need to buy.

These cost-saving habits by consumers grow during poor economic environments like recessions, but they generally stick with consumers even after the economy starts to improve. This is what's been the basis for Dollarama's past growth and why it can continue to expand in the future.

In its most recent quarter, the TSX stock again saw an increase in sales. SSSG came in at a whopping 5.4% and, even with increased costs from coronavirus, translated to a 2.3% increase on the bottom line.

Bottom line

Dollarama and Alimentation Couche-Tard are some of the top TSX stocks to buy at the moment.

They have proven they can continue to grow through the pandemic — a sign they truly are among the highest-quality TSX stocks.

CATEGORY

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