2 Top TSX Stocks to Buy Before October Ends

Description

The stock market is doing better these days. **Toronto Stock Exchange** investors may want to look at publicly traded companies with a robust contract portfolio, including in government defense. Government contracts are profitable and dependable compared to many other sources of income.

Here are two top **TSX** stocks to consider buying before October ends.

AirBoss of America: A top stock with growing defense contracts

AirBoss of America (TSX:BOS) rose from a 52-week low of $4.59 to a 52-week high of $26.67 after the March 2020 market sell-off. At the time of writing, the stock is trading for $18.03 per share. The dividend yield is 1.54% annually.

AirBoss of America boasts international government contracts with countries such as the United States. In fact, at the beginning of the COVID-19 crisis, the firm signed a contract with the U.S. government to provide personal protective equipment to its military.

Further, AirBoss of America's defense group (ADG) has developed an innovative sensor to place on the uniforms of soldiers. The sensor will send information to a satellite whenever it registers a blast. This information could be critical to informing military doctors on the appropriate treatment plans post-injury.

Airboss of America will report third-quarter 2020 earnings results on November 10. The firm last reported earnings in August and Chris Bitsakakis, President and COO of AirBoss of America had this to say about the results:

> "Our record results for the second quarter and first half of the year reflect our rapid ramp-up and successful delivery against the FEMA contract that was awarded at the very end of the first quarter. We expect ADG to be a strong driver of our financial performance and

> enhanced balance sheet strength through the remainder of 2020 and into 2021 as we begin to deliver on the recently awarded HHS contract."

If you are looking for a stock to buy in October, AirBoss of America fits the criteria. It offers a decent dividend and a strong business model. The price-to-earnings ratio is a little high at 32.65, but it is still more affordable than many of the overpriced technology growth stocks.

SNC-Lavalin: A troubled firm moving forward from past legal battles

SNC-Lavalin (TSX:SNC) fell to a 52-week low of $17.77 from a 52-week high of $34.36 after the March 2020 market sell-off. At the time of writing, the stock is trading for $21.06 per share. The dividend yield is 0.37% annually.

SNC-Lavalin has made news the past couple of years for scandal and corruption. For decades, SNC-Lavalin Group has acquired numerous government contracts through bribery and kickbacks. After criminal proceedings and politician backlash, the stock price is now less than half the trading price in the summer of 2019.

Will this stock ever see a new golden age? It's hard to say. The company is facing numerous restrictions on bidding for contracts as part of the outcome of the legal proceedings. This represents a loss in potential revenue, hence the lower share price.

Despite these challenges, Ian L. Edwards, President and CEO of SNC-Lavalin Group, seems confident in the direction of the firm's new business model:

> "The unprecedented economic situation precipitated by COVID-19 and the downturn in oil prices has demonstrated that we made the right decision in changing our business model and exiting LSTK contracting to focus on our core engineering services strengths. Our Engineering Services business in Q2 delivered solid financial results."

The decision to buy this stock is up to you. SNC-Lavalin is a powerful Canadian firm with many opportunities. In 10 years, the legal and ethical troubles of the firm may very well be a distant memory. Then again, there are probably better investments on the TSX today.

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TICKERS GLOBAL

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