2 Top TSX Stocks to Buy in November

Description

Are you looking for great TSX stocks to buy this month? **Aritzia** (TSX:ATZ) and **Canopy Growth** (TSX:WEED)(NYSE:CGC) are two growth stocks that haven't delivered the best returns year to date but that should do well in the coming weeks and months due to better sales and profits.

Aritzia

While the pandemic has hurt Aritzia sales in its brick-and-mortar stores, its online sales have increased strongly. The clothing chain favoured by Meghan Markle reported second-quarter profits that beat analysts' projections in part due to its online sales.

For the quarter ended August 30, the brand's net revenue fell 17% year over year to $200 million. The company attributed this drop to occupancy restrictions, reduction of opening hours, and partial closures of shops linked to COVID-19.

This decline was partially offset by an 82.3% increase in online sales.

At the start of the quarter, 31% of the company's stores were reopened, rising to 96% at the end of the quarter (93 of 97 boutiques).

The company reported a net loss of $0.9 million for the quarter compared to net income of $17.9 million last year.

Aritzia has bolstered its online presence with digital sales tools and has launched an artificial intelligence tool to help customers optimize size and fit based on their measurement data and their preferences.

Founder and CEO Brian Hill said that for the first six weeks of the third quarter, "the momentum of our business continued to grow as a result of strong client response to the launch of our on-point Fall collections and compelling marketing initiatives."

For fiscal 2021, sales and profit are expected to be 15% and 98% lower, respectively, than in 2020 due to the COVID-19 impact. But for fiscal 2022, sales and profit are expected to surge by 35% and 4,950% respectively. That's a very strong recovery.

Canopy Growth

Canopy Growth remains the world's most valuable cannabis company — but it's far less valuable than it once was. The pot company shares have fallen more than 60% from last year's highs and are down close to 10% year to date.

The pressure on Canopy stock makes sense. The Canadian cannabis market has undoubtedly been a disappointment. However, the issue is not just sales, but margins. Significant overcapacity has led to a "race-to-the-bottom" pricing.

As a result, Canopy posted an adjusted gross margin of just 7% in its most recent quarter. The loss in Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of $92.2 million represented approximately 83% of revenues. On the plus side, its net revenue increase by 22% from the first quarter to $110 million.

But, looking to the future, there are reasons to be optimistic. Canopy's financial position remains strong. Thanks to the massive investment from **Constellation Brands**, the company still has $1.3 billion in cash and just over $400 million in debt.

At the same time, the company established leading brands, expanded its medical marijuana business, and expanded beyond Canada. It strengthened its foothold in the U.S. market with the launch of shopcanopy.com. A potential legalization of marijuana in Mexico could open more opportunities for Canopy.

For fiscal 2021, sales and profit are expected to be 27% and 21% higher, respectively, than in 2020. For fiscal 2022, sales and profit are expected to surge by 47% and 24%, respectively.

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