



## Canadian Investors: Buy These 2 TSX Stocks After Their Impressive Earnings

### Description

The **S&P/TSX Composite Index** has made a strong start to this month by rising 2.3% in the first two days of trading. The expectation of a clear winner in the United States presidential elections drove the global equity markets, including the Canadian markets. However, the rising COVID-19 cases and a slowdown in the economic recovery rate are still a cause of concern.

Meanwhile, **Constellation Software** ([TSX:CSU](#)) and **Cargojet** ([TSX:CJT](#)) have reported impressive quarterly results earlier this week and provide excellent buying opportunities for long-term investors. Let's look into their quarterly performances.

### Constellation Software

Constellation Software [reported](#) its third-quarter results after the market closed on Monday. Its top-line grew 15% year-over-year to \$1 billion, driven primarily by its acquisitions in the last four quarters. Meanwhile, its organic growth declined by 1%. The company has blamed the pandemic-infused travel restrictions and the decision by many businesses to delay awarding contracts amid the pandemic for negative organic growth.

Meanwhile, its diluted EPS grew 49.6% year-over-year to \$5.76. The revenue growth and decline in its overall expenses as a percentage of total revenue drove the company's EPS. The company's cash flows were strong, with its free cash flows for shareholders rising by 35% to \$181 million. Constellation Software's liquidity position looked healthy, with cash and cash equivalents of \$565 million and access to a revolving credit facility of \$700 million at the end of the quarter.

Amid its impressive third-quarter performance, Constellation Software's stock rose to a high of \$1,491.12 before closing at \$1447.87 on Tuesday, representing a rise of 4.9% from its previous day's closing price. For this year, the company has returned over 14%. However, I believe the company's stock price could rise further, given the increased demand for its services amid digitization and improvement in economic activities after the lockdown.

Of the eight analysts that follow Constellation Software, four have given a "buy" rating, while three have

given a “hold” rating, and one analyst has issued a “sell” rating.

## Cargojet

[As expected](#), Cargojet reported an impressive third-quarter performance yesterday. Its revenue grew 38.2% to \$162.3 million, driven by growth in all three segments: domestic network, ACMI (Aircraft, Crew, Maintenance, and Insurance), and all-in charter segment.

Its revenue from the domestic network grew 18.3% due to an increased e-commerce volume, partially offset by a decline in B2B volumes amid the pandemic. The ACMI scheduled and ad-hoc charter segment reported a spectacular performance of 131.9% sales growth driven by the new scheduled routes to the United States, Mexico, and Europe.

The federal and some provincial governments had chartered aircraft to fly healthcare products from China and Turkey during the quarter, driving the all-in charter segment’s revenue growth by 310%.

Meanwhile, Cargojet’s adjusted EBITDA grew 99.7% year over year to \$78.1 million. The revenue growth, improvement in gross margins, and decline in its SG&A (selling, general, and administrative) expenses drove its EBITDA.

Driven by its strong third-quarter performance, the company’s stock price hit a new all-time high of \$243.36 yesterday before closing at \$240.92. Year-to-date, the company has returned 133.2%. Meanwhile, I believe the company’s stock price could reach \$300 in a couple of years given the growth potential in e-commerce and its high market share in the air cargo sector. Of the 12 analysts that cover Cargojet, seven favour a “buy” rating, while the remaining five favour a “hold” rating.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:CSU (Constellation Software Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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### Category

1. Investing

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