3 Top TSX Stocks to Buy Post Strong Q3 Performance

Description

With the third-quarter earnings in full swing, some of the top **TSX**-listed companies have reported their quarterly numbers. While Q3 numbers mostly reflect sequential improvement for most companies, a few performed better than the rest.

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Today I have shortlisted three companies that have impressed with their Q3 performance with strong fundamentals that could help these companies to deliver stellar returns for their investors.

Cargojet

The year 2020 is turning out to be a strong one for **Cargojet** (TSX:CJT) — and Q3 was no different. The cargo airline company's revenues spiked 38% year over year, while its adjusted EBITDAR nearly doubled. Cargojet's average cargo revenue per operating day jumped about 60%. Moreover, its adjusted free cash flows recorded an astounding growth.

While Cargojet's Q3 numbers impress, the strength in its core business and strong e-commerce volumes suggests that the company could continue to deliver strong financials in the coming years, which is likely to support the uptrend in its stock.

Cargojet's next-day delivery capabilities to most Canadian households provide it a strong competitive advantage over peers. Moreover, its focus on optimizing costs and expanding its network capacity bodes well for growth. Investors should note that most of Cargojet's domestic revenues have long-term contracts with revenue guarantees, cost pass-through provisions, and CPI-based annual price increases.

With the holiday season around the corner, Cargojet could witness higher customer demand and deliver robust revenues and adjusted EBITDA, which could drive the year-end rally in its stock.

Kinross Gold

The favourable industry trends and higher average realized gold prices continued to drive stellar growth in

Kinross Gold's (TSX:K)(NYSE:KGC) top and bottom line in Q3. The gold mining company's Q3 revenues jumped 29% year-over-year, while its attributable margins surged 60%. Thanks to its robust sales and margin expansion, Kinross Gold's Q3 earnings and operating cash flows recorded phenomenal growth.

Investors should note that higher gold prices will continue to drive Kinross Gold's sales and margins. Meanwhile, its increased production guidance and declining cost trends should cushion its margins and drive its stock higher. Further, Kinross Gold projects to generate strong cash flows that are likely to support its future dividend payouts and boost investors' returns.

While its core business remains strong, Kinross Gold stock is trading at an attractive EV/EBITDA multiple of 4.2, which is well below its peer group average and indicates further upside in its stock.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) continued to impress with its resilient financial performance despite the significant disruption in the energy sector amid the COVID-19 pandemic. Enbridge's distributable cash flow remained nearly flat in Q3, while its adjusted EBITDA declined marginally, thanks to the strength in its core businesses.

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While the weakness in the mainline volumes continued to remain a drag, growth in its gas business and sustained momentum in its renewable power business are supporting its cash flows and payouts.

With the reopening of the economy, the energy demand is expected to show an uptick, which could drive Enbridge stock's recovery. Meanwhile, its diversified cash flow streams, secured capital program, and cost reduction measures are likely to cushion its margins and dividend payouts.

While the decline in its stock makes it an attractive value play, its high dividend yield of over 9% makes it a top income stock.

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2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:CJT (Cargojet Inc.)
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