



1 Top TSX Stock I Think Warren Buffett Would Like

Description

Kirkland Lake Gold (TSX:KL)(NYSE:KL) is a stock I've been pounding the table on lately. Indeed, I think this is the best gold company in the universe right now.

Here's why I think Kirkland Lake would be a stock Warren Buffett would consider from a value perspective.

Balance sheet and cash flow growth impressive

Fundamentally, Kirkland Lake is 11 out of 10 as far as gold miners go. Indeed, this stock takes the cake as far as I'm concerned in the gold mining space.

From a free cash flow and valuation perspective, there's no miner at this quality level as cheap as Kirkland Lake today. This sentiment is made stronger by the fact that Kirkland Lake has a pristine balance sheet. The combination of safety arising from a rock-solid balance sheet and the potential for outsized gains if we see a bull market in gold materialize over the medium term makes this a top pick of mine.

Any gold miner with essentially no debt ought to be the number one option fundamentals-oriented investors should consider. The amount of cash on the company's balance sheet sits shy of \$1 billion. Indeed, these factors bode well for some value-creating moves the company's world-class management team can make moving forward.

A deal likely on the horizon for Kirkland Lake

I think some moves will be necessary for Kirkland Lake's stock to rise to a level that makes sense. Right now, it appears this stock is trading at unreasonably low levels due to one specific headwind. One of the company's best high-grade mines in Australia is nearing the end of its mine life. Thus, it appears highly likely that Kirkland Lake will be in the market to grab some high-grade deposits in the next while. Such deposits are now trading at higher levels due to the rising price of gold. However, the

potential return on such investments could be very lucrative should we see gold prices continue higher.

Bottom line

Given the value orientation of Warren Buffett, I think this is a stock he would definitely like right now. Given the recent portfolio addition of **Barrick Gold** to Buffett's portfolio, it appears gold investments are not out of the question for the Oracle of Omaha.

Kirkland Lake is what I view as a high-quality, fundamentally sound, cash flow-growing machine. Its balance sheet is rock solid (perhaps pristine). Its management team is world class. There's nothing not to like about this stock. I think any investor, Buffett included, would agree on these points after diving into its financials.

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1. Investing
2. Metals and Mining Stocks

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