3 Canadian Stocks to Buy in August 2021 After Q2 Earnings

Description

The Q2 earnings season is unfolding, and the numbers look pretty encouraging. Many Canadian companies have reported impressive financial performances, boosted by increased consumer demand and higher business activities.

With an improving macroeconomic environment in the background, I have zeroed in on three companies that have impressed with Q2 performance and are likely to deliver strong financials in the coming quarters, which could significantly boost their stock prices. Let us delve deeper into these companies to see what could drive their stock prices higher.

Air Canada

I was impressed with **Air Canada's** (TSX:AC) Q2 performance. Its revenues, bookings, and other key metrics showed a sharp improvement, led by the pickup in domestic travel demand. Furthermore, the momentum in its air cargo business continued while its net cash burn declined and came better than management's expectations.

Air Canada is optimistic that its bookings could increase further with the easing of air travel restrictions, and its net cash burn could decline further. Meanwhile, its stock is trading cheap and has more room for growth. I believe the accelerated pace of vaccination, reopening of international borders, and normalization of its operations are likely to boost its financials and, in turn, push its stock price higher . Furthermore, momentum in the air cargo business, solid liquidity, and a lower cost base will likely help the company navigate the current crisis with ease.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) has consistently delivered solid quarterly results, and Q2 was no different. The e-commerce company's revenues jumped 57% in the most recent quarter, while its adjusted EPS more than doubled. Further, its monthly recurring revenue continued to grow rapidly, reflecting increased adoption of its retail POS and growth in merchant base.

Though the economic reopening could lead to normalization in its growth rate, I believe the company has multiple growth catalysts that could continue to drive its financial and operating performance and push its stock higher. Notably, the company is investing heavily in its fulfillment centres, growing its sales and marketing channels, and expanding internationally, which could significantly boost its merchant base. Further, higher e-commerce spending, increased adoption of its products, improved operating leverage, and strategic capital allocation augurs well for future growth.

Suncor Energy

The pandemic took a toll on **Suncor Energy's** (TSX:SU)(NYSE:SU) financial performance in 2020. However, increased economic activities, a rise in demand, and higher realized prices boosted its financials, thereby driving its profits. In Q2, Suncor's operating earnings and funds from operations significantly improved from the year-ago period. Thanks to the improving fundamentals and higher cash generation, Suncor continues to boost its shareholders' returns and targets further debt reduction.

I believe the energy giant could deliver solid financial and operating performances in the coming quarters, owing to its integrated assets, favourable product mix, higher upstream production, strategic investments, and improving operating environment. Its strong marketing and lower cost base should further support its profitability. Moreover, its strong balance sheet and decline in debt bode well for future growth. Furthermore, Suncor could continue to enhance shareholders' value through share buybacks and regular dividend payments. Notably, the Suncor stock has corrected over 17% in one month and looks attractive at current levels.

CATEGORY

1. Coronavirus
2. Energy Stocks
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