



## 3 Top Canadian Stocks to Buy Ahead of Earnings

### Description

Amid the U.S. financial institutions posting substantial numbers last week, the Canadian equity markets have continued their uptrend. The **S&P/TSX Composite Index** hit a new high yesterday and is trading over 20% higher for this year. So, amid increased investors' optimism, here are three top Canadian stocks that you can buy ahead of earnings.

### Waste Connections

**Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) has witnessed a strong buying this year, with its stock price rising by over 23%. The strong performance in the first two quarters and raising of 2021 guidance by the company's management appear to have increased investors' confidence, driving its stock price higher. Meanwhile, the company will post its [third-quarter earnings](#) after the market closes on October 27.

I am [optimistic](#) about the company's performance, given the essential nature of its business, strategic acquisitions, rising demand for its services amid growing economic activities, and the recovery in the energy sector. Also, the company usually operates in secondary or exclusive markets, thus avoiding competition while maintaining its margins.

Waste Connections' management has set optimistic guidance for the third quarter, with its revenue and adjusted EBITDA expected to grow by 12% and 14%, respectively. Meanwhile, analysts are expecting the company to beat its guidance. So, they look bullish on the stock. Of the 17 analysts following Waste Connections, 15 have issued a "buy" rating, while one each has given a "hold" and "sell" ratings. Their consensus price target stands at \$168.79, with an upside potential of 4.8%.

### Restaurant Brands International

My second pick would be **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), which will be reporting its third-quarter earnings on October 25 before the market opens. I expect a significant improvement in the company's performance amid the reopening of the dining space due to the easing

of restrictions, expansion and increased adoption of digital channels, the introduction of new menu items, and an acceleration in new restaurant openings.

Meanwhile, analysts expect Restaurant Brands International to post an adjusted EBITDA and adjusted EPS of US\$606.62 million and US\$0.74 per share, respectively. These estimates represent year-over-year growth of 8.1% and 8.8%, respectively. Despite its healthy growth prospects, the company is trading over 3% lower for this year. So, investors should utilize the discount on its stock price to accumulate the stock to earn superior returns.

Analysts also look bullish on the stock, with 20 of the 32 analysts covering the stock having issued a “buy” rating. The consensus price target stands at \$87.67, representing an upside potential of 16.2%.

## Canfor

My final pick would be **Canfor** ([TSX:CFP](#)), which has corrected over 18% from its May highs due to a pullback in lumber prices. However, lumber prices have increased by over 50% from August lows. So, the recovery in lumber prices and strong operating performances across all regions could drive the company’s third-quarter financials. Meanwhile, the company has planned to report its third-quarter earnings on October 27.

Analysts project Canfor to post revenue of \$1.69 billion, representing year-over-year growth of 9%. Its adjusted EBITDA could grow by 6.4%. Despite healthy growth prospects, the company is trading at an attractive forward price-to-sales multiple of 0.6.

Analysts are also bullish on the stock, with six of the seven analysts issuing a “buy” rating. Their consensus price target stands at \$38.83, representing an upside potential of over 32%.

### CATEGORY

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:WCN (Waste Connections)
3. TSX:CFP (Canfor Corporation)
4. TSX:QSR (Restaurant Brands International Inc.)
5. TSX:WCN (Waste Connections)

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