



1 No-Brainer TSX Stock With 73% Upside According to Analysts

Description

Stocks have staged an outstanding rally this year to reach new heights. The **TSX Composite Index** has risen by more than 22% to a record high of 21,285 in 2021 so far. While this rally has made most stocks look expensive, some [Canadian stocks still look really cheap](#) and attractive. In this article, I'll highlight one such cheap TSX stock that hasn't seen any appreciation this year. Interestingly, Bay Street analysts also expect this Canadian stock to post solid gains in the next year.

Torex Gold stock

Torex Gold Resources ([TSX:TXG](#)) is a Toronto-based intermediate gold producer with a market cap of about \$1.3 billion. The company is currently focusing on the exploration and development of its Mexico-based Morelos Gold property.

While the TSX Composite benchmark is touching new heights with 22% gains this year so far, Torex Gold stock has lost 22% this year so far. It currently trades at around \$14.72 per share.

On track to meet 2021 guidance

Earlier this month, Torex Gold Resources [announced](#) its third-quarter gold production results. During the quarter, the company produced 111,220 ounces of gold from its El Limón Guajes mining complex in Mexico. Torex's third-quarter gold output was lower compared to its production in the first and second quarters due to its planned "mining in areas of the pit where grades are closer to reserve levels." In Q4 as well, the company expects its production to be close to its Q3 levels.

Despite a drop in its Q3 production, it's still on track to meet the higher end of its 2021 gold production guidance range of 430,000 to 470,000 ounces. Now, let's look at the recent trends in Torex Gold's yearly financials to get a better idea for the long term.

Recent financial trends

In 2020, Torex Gold's total revenue rose by 23% YoY (year over year) to US\$789 million. While this growth rate was significantly lower than its revenue growth rate of over 40% YoY in a previous couple of years, its 2020 revenue was still slightly higher than Street analysts' expectations.

To add optimism, strengthening gold prices helped the company more than double its bottom line last year, despite COVID-19-related operational challenges. Its 2020 adjusted net profits stood at US\$135.7 million compared to the \$67.8 million in the previous year.

Similarly, Torex Gold's profit margins have also expanded significantly in the last couple of years. In 2018, the company reported an adjusted net profit margin of just 4.4%, which expanded to more than 17% in 2020. Analysts expect this expansion trend in its profit margin to continue in the coming years.

Why Torex Gold stock is worth buying now

Despite all these positive factors and its strong financial progress in the last couple of years, Torex Gold stock is still trading 27% lower from its 2019 closing level of \$20.52 per share. This justifies why most Bay Street analysts see about 73% upside potential in its stock with a consensus target price of \$25.67 per share.

Torex is expected to release its latest quarterly results on Wednesday next week. Investors' high expectations from its upcoming results and the ongoing rally in gold prices are driving its stock higher this month, as it has already risen by nearly 18% in October. Given its solid growth prospects, it could just be the start of a big long-term rally.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:TXG (Torex Gold Resources Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/06/28

Date Created

2021/10/26

Author

jparashar

default watermark

default watermark