



3 Top TSX Stocks Ready to Break Through the Roof

Description

The higher volatility in the markets burned even the seasoned investors recently. TSX energy stocks have been on a regular breakout, while there has been no respite for high-growth tech stocks. However, some names could still see meaningful value creation in the medium to long term. Here are three top TSX stocks of them.

Cenovus Energy

The Canadian energy sector has been in a sweet spot for the last few quarters and is still going strong. **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) was among the Canadian energy bigwigs that began reporting Q1 2022 earnings this week.

Cenovus not only exceeded expectations but even amazed investors by tripling its dividends. That helped the stock jump more than 10% on April 27. Interestingly, this could be a start for energy producers like Cenovus.

Investors can expect continued strong financial growth for Canadian oil and gas players in 2022. Imagine Q1 had only a month when WTI oil prices exceeded the US\$90-a-barrel level. WTI has already been trading close to US\$100 levels for almost a month now in the second quarter. So, a similar or even higher cash flow growth is quite probable for companies like Cenovus, at least for the next few quarters.

At the end of Q1 2022, CVE had \$8.4 billion in net debt, taking its net debt-to-EBITDA ratio below one. That's indeed an impressive [deleveraging](#) CVE has showcased.

Superior free cash flow growth, improving balance sheet, and high oil prices could continue to fuel CVE stock higher.

Birchcliff Energy

My second pick is another TSX energy stock with natural gas-weighted operations. It is **Birchcliff Energy** ([TSX:BIR](#)). The stock has gained 200% in the last 12 months, and its upcoming numbers will likely push it higher.

Birchcliff plans to release its first-quarter of 2022 numbers on May 11. Note that natural gas prices more than doubled in Q1 2022 versus Q1 2021. So, expect substantially higher free cash flows and earnings growth in its upcoming release.

The company has been aggressively repaying the debt as the theme has been in the sector. Moreover, Birchcliff could increase dividends with its superior free cash flow growth like CVE. Interestingly, despite doubling since last year, Canadian energy still offers a meaningful value.

Shopify

It has been a rough time for **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) investors. The stock has dropped 65% this year, a massive wealth erosion from Canada's once biggest value creator.

The commerce enabler and the tech titan will report its Q1 2022 earnings on May 5. But the management has already guided a muted performance for the quarter in the absence of any COVID-related triggers. So, SHOP stock might not witness a one-way upturn soon.

However, I'm optimistic about SHOP, mainly after its steep drop. It will likely see handsome growth in the second half of 2022. Its expanding market share and new product offering will likely drive its operational and financial growth in the long term.

Rate-hike anxieties among market participants will also normalize in the next few quarters, providing some support to [growth stocks](#) like SHOP.

SHOP is currently trading 18 times its earnings, a [valuation](#) multiple for a stock like Shopify no one had imagined a few months back. However, it certainly seems interesting at these levels.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BIR (Birchcliff Energy Ltd.)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:SHOP (Shopify 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. kduncombe
2. vinitkularni20

Category

1. Investing

Date

2025/08/15

Date Created

2022/04/28

Author

vinitkularni20

default watermark

default watermark