



3 Top TSX Stocks That Saw Bumper Q2 Earnings Growth

Description

While markets are pricing in a gloomy environment amid an impending recession, some Canadian companies are seeing the best times ever. Their superior second-quarter performance could drive stocks even higher.

Canadian Natural Resources

The country's biggest energy company by market cap, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) reported its Q2 earnings on August 4. Its net income more than doubled to \$3.5 billion in Q2 compared to the same quarter last year.

Oil and gas prices were significantly higher during the second quarter. As a result, almost the entire sector is seeing record profits this year. Apart from higher prices, CNQ's higher production of 1.2 million barrels per day also benefitted its financials.

Moreover, driven by solid free cash flow growth, Canadian Natural announced a special dividend of \$1.5 per share to be paid on August 31. For 2022, the company has planned to pay \$3.00 in regular dividends. With this factored in, CNQ now offers a juicy annual yield of 7%.

Oil prices have been trending lower lately, even when there is no foreseeable respite for supply issues. **TSX** energy stocks have been trading weak, and CNQ has lost 26% since June. Still, it offers promising growth potential given its strong balance sheet, undervalued stock, and [healthy dividend profile](#). But keep in mind that unjustified, speculative movements in energy commodity prices pose a risk.

Nutrien

Crop nutrient giant **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is another company that saw earnings explode during the second quarter. Driven by a strong pricing environment and solid operating performance, Nutrien's net income grew 224% to \$3.6 billion in Q2 2022.

Nutrien is a global leader in potash. Notably, fertilizer prices have skyrocketed since the war in Ukraine. Besides fertilizers, key crops like corn, wheat, and soybean have also seen a steep rise this year. Thus, farmers will have an incentive to raise production, creating higher demand for crop nutritional products.

Nutrien will likely continue to see earnings growth and margin expansion in the next few quarters, driven by rising prices, higher demand, and its expected higher production. However, despite a favourable environment and solid quarterly show, NTR stock has been weak and lost 25% since April.

Tourmaline Oil

Canada's biggest natural gas producer **Tourmaline Oil** ([TSX:TOU](#)) is one of the top performers among TSX energy names. It has seen superior free cash flow growth, massive dividend growth, and balance sheet improvement in the last few quarters. As a result, TOU stock has returned 120% in the last 12 months.

Thanks to sky-high natural gas prices, the entire sector has seen enormous growth since the pandemic. TOU reported a net income of \$823 million in Q2 2022, more than double that of Q2 2021.

Moreover, Tourmaline has been flush with cash and has issued special dividends thrice this year. So, it has paid a total dividend of \$6.28 per share since last year, indicating a juicy yield of 9%.

Even if oil prices fall, natural gas could keep trading strong mainly due to supply tensions in Europe. Thus, gas producers like Tourmaline might continue to rise higher for the next few quarters.

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2. NYSE:NTR (Nutrien)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:NTR (Nutrien)
5. TSX:TOU (Tourmaline Oil Corp.)

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