These TSX Stocks Have Plenty of Room to Run

### Description

Inflation and rate hikes could keep weighing on stocks for some time. In such times, investors must be more choosey and focus on valuations. Here are some TSX stocks that offer handsome growth prospects even in challenging macro conditions.



## Tourmaline Oil

Supply woes surrounding natural gas are keeping prices higher. The trend could continue next year as well, benefiting Canada's biggest natural gas producer **Tourmaline Oil** (TSX:TOU).

Tourmaline witnessed remarkable financial growth this year. Notably, the ongoing strong price environment brings decent earnings visibility for it next year as well. Management has forecast free cash flows of $3.7 billion for 2023. After its debt repayments, the company will likely have enough to pay generous dividends in 2023 as well.

Tourmaline stood tall this year and preferred to directly reward shareholders through special dividends instead of buybacks. Many peer energy companies mainly relied on share repurchases as they offer more flexibility to management. However, TOU paid $7.9 per share in dividends this year, implying a decent 10% yield.

TOU stock will likely soar higher based on its earnings growth prospects, solid dividend profile, and gas price strength.

## Cineplex

Canada's theatre chain giant **Cineplex** (TSX:CGX) looks well placed to create meaningful shareholder value. It has been making an encouraging recovery of late, gaining 20% since late October.

Cineplex is finally turning profitable after years of losses and cash burn. Since mid-2020, the movie house has been bleeding money amid movement restrictions and rising debt. However, the recently reported Q3 2022 showed that it is on a firm path to sustainable profitability.

For the quarter ended September 30, 2022, Cineplex reported a net income of $31 million against a loss of $121 million in the same period in 2021.

As theatres enjoy more footfall at the big screens and studios have big movie releases coming soon, Cineplex will likely see improved profitability in the next few quarters.

Moreover, its settlement with Cineworld could notably improve its balance sheet. Cineworld is expected to pay $1.2 billion in damages after it walked out of its proposed merger with Cineplex in early 2020.

The settlement is full of uncertainties, though, because Cineworld is going through Chapter 11 bankruptcy. However, any developments regarding a quicker and full settlement should send CGX stock through the roof.

## goeasy

Canada's top consumer lender stock **goeasy** (TSX:GSY) has lost 35% this year, underperforming TSX stocks. However, it looks attractive after the correction and will likely outperform in the long term.



goeasy lends to non-prime borrowers with its lending vertical, easyfinancial. goeasy also operates a furniture lending segment. However, easyfinancial has been the real growth engine for the company over the last several years.

The lender has seen stellar earnings growth and delivered impressive shareholder value in the last decade. Including dividends, it has returned 36% compounded annually in the last 10 years. Due to its prudent underwriting, extensive presence, and large addressable market, GSY managed above-average earnings growth.

The stock has been weak this year due to recession worries and volatile broader markets. However, GSY looks appealing for the long term, given its limited downside and earnings growth potential.

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3. TSX:TOU (Tourmaline Oil Corp.)

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