Sitting on Cash? These 2 TSX Stocks Are Great Buys

Description

After an impressive bounce back over the last two months, the global equity markets have turned volatile amid growing recession fears. The recent layoffs and an expectation of a longer-than-projected interest rate hike cycle have made investors nervous, thus dragging the equity markets down.

Despite the volatility, investors can go long on quality stocks to reap higher returns. So, if you are sitting on some free cash, here are two great stocks you can buy to earn superior returns.

Waste Connections

Waste Connections (TSX:WCN) is a waste management company that collects, transfers, and disposes of non-hazardous solid wastes. It is also involved in the recycling business. Given the essential nature of its business, solid quarterly performances, and strategic acquisitions, the company has outperformed the broader equity markets this year by delivering returns of 12.4%.

In the first three quarters of 2022, Waste Connections's revenue grew by 18% to US$5.3 billion. Solid execution, favourable pricing, increased exploration and production (E&P) activities amid rising energy demand, and strategic acquisitions drove its topline. Along with topline growth, the company's adjusted EPS (earnings per share) also rose by 22.6%.

Meanwhile, the company is working on closing certain acquisitions, which could boost annualized revenue by US$35 million. Besides, the ongoing geopolitical tensions have raised energy demand, thus driving E&P activities and increasing the demand for the company's services. Supported by these growth factors, management hopes to achieve double-digit revenue growth in 2022.

Earlier this month, Waste Connections raised its quarterly dividend by 10.9% to US$0.255/share, marking the 12th consecutive year of a double-digit dividend hike. So, considering its stable underlying business, solid growth prospects, and impressive dividend growth, I believe Waste Connections would be an ideal buy in this volatile environment.

Cargojet

Cargojet (TSX:CJT) would be my second pick. The company transports time-sensitive air cargo to prominent cities in Canada and abroad. It earns around 75% of its domestic revenue through long-term contracts, providing customers with pre-purchased weight and cargo space. These long-term contracts provide stability to its financials. So, despite the challenging environment, Cargojet has continued to enjoy positive financial performance. Revenue and adjusted EPS grew by 36.5% and 56.7%, respectively, in the first nine months of this year.

Meanwhile, I expect the uptrend to continue, given the favourable environment. With continued e-commerce growth due to the increased adoption of online shopping, the demand for air cargo services could grow in the coming years. Analysts are projecting the air cargo market to grow at an annualized rate of 4% through 2030. However, the global freighter fleet could grow at a slower CAGR (compounded annual growth rate) of 2.4% over the next two decades, thus creating a supply shortfall.

To meet rising demand, Cargojet plans to expand its aircraft fleet from 38 to 52 by the end of 2024. It is also planning to add new routes, to drive growth. So, the company's outlook looks healthy. However, CJT stock has been under pressure this year, losing around 24% of its value. In the steep correction, the company's NTM (next 12 months) price-to-earnings multiple has declined to an attractive 17.9, making it a tempting buy at these levels.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:WCN (Waste Connections)

PARTNER-FEEDS

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

PP NOTIFY USER

1. cleona
2. rnanjapla

Category

1. Investing
2. Top TSX Stocks

Date
2025/08/15
Date Created
2022/12/07
Author
rnanjapla