3 Top-Performing TSX Stocks It's Not Too Late to Buy

Description

This year has been challenging for the equity markets as high inflation, rising interest rates, and geopolitical tensions weighed on investors' sentiments. The Canadian benchmark index, the S&P/TSX Composite index, is trading 9% lower this year. Despite the broader weakness, the following three TSX stocks have delivered double-digit returns. Let's see why these three stocks would still be an excellent addition to your portfolio.

Suncor Energy

Amid the cooldown in oil prices, **Suncor Energy** (TSX: SU) has lost around 23% of its stock value compared to June highs. Despite the fall, the company is still trading 36% higher this year. Its solid quarterly earnings on higher oil prices has driven the company's stock price. Meanwhile, I expect the uptrend to continue in 2023 as well.

OPEC (Organization of the Petroleum Exporting Countries) is projecting oil demand to bounce back next year amid the easing of COVID restrictions in China. Despite the uncertain economic outlook, the organization expects oil demand to rise by 2.3% to 2.25 million barrels per day. The expansion could benefit Suncor Energy. Additionally, the company's improving operational efficiency and safety records could drive its financials and stock price in the coming quarters.

Meanwhile, Suncor Energy trades at 1.1 times its next four quarters' projected sales while paying dividends at a yield of 5%. Given its healthy outlook, cheaper valuation, and high dividend yield, I expect Suncor Energy to outperform in 2023.

Pembina Pipeline

Second on my list would be **Pembina Pipeline** (TSX:PPL), a midstream energy company. The company has posted a solid performance in the first three quarters, with its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) growing by 14.5% to $2.8 billion. Supported by its solid performance and higher commodity prices, the company's stock price rose over 24% higher this year. Meanwhile, the uptrend could continue amid favourable market conditions.

Analysts are projecting the demand for oil and natural gas to rise next year, thus benefiting Pembina Pipeline. Besides, the company plans to invest around $730 million in 2023, strengthening its asset base. Also, the company has formed a joint venture with KKR by combing their Western Canadian natural gas processing assets, which could enhance its growth prospects. Meanwhile, management expects its 2023 adjusted EBITDA to come in at about $3.5–$3.8 billion, with the midpoint representing a 5% increase from its 2022 guidance. Also, its monthly dividend of $0.2175/share and an attractive NTM (next 12 months) price-to-earnings multiple of 15 make it an attractive buy.

Pizza Pizza Royalty

Pizza Pizza Royalty (TSX:PZA), which owns and operates Pizza Pizza and Pizza 73 brand restaurants through its franchisees, has outperformed the broader equity markets by returning 16.2% this year. Amid the easing of COVID-related restrictions, the company was able to reopen its non-traditional restaurants. Introducing new innovative menu items and strategic acquisitions drove its same-store sales and royalty pool system sales. In the recently reported third quarter, the company's royalty pool sales rose by 15.4%.

Meanwhile, the company is expanding with new restaurant construction across Canada. Its franchisee pipeline also looks strong. The popular pizza chain's on-trend product launches and innovative marketing campaigns could continue to boost its sales in the coming quarters. So, I believe the company's growth prospects look healthy.

Meanwhile, despite the surge in its stock price, Pizza Pizza Royalty trades at a cheaper NTM price-to-earnings multiple of 14.6. It also pays a monthly dividend of $0.07/share, with its yield for the next 12 months at 6.36%. So, considering all these factors, I am bullish on Pizza Pizza Royalty.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. TSX:PPL (Pembina Pipeline Corporation)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:SU (Suncor Energy Inc.)

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