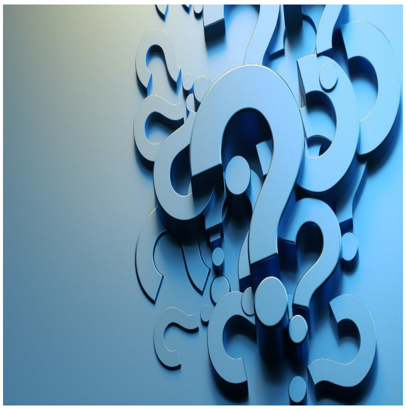

3 Top-Returning TSX Stocks of 2022: Are They Still Smart Buys Today?

Description

Canadian stocks at large have lost 6% of their value this year. While many TSX stocks plunged to their multi-year lows in 2022, some names jumped to record highs. Their outperformance amid the challenging broader market conditions has indeed been noteworthy.

Here are the top value creators of 2022. Note that I have considered names with market caps above $1 billion.

Maxar Technologies

The space tech stock **Maxar Technologies** (TSX:MAXR) went to the moon last week, posting a massive 125% gain in a single day. The stock has mostly been a laggard this year, like peer growth names, amid rising rates and adamant inflation. However, with a recent gain, MAXR stock is now sitting on a 93% gain for the year.

The spurt came after Maxar announced its plans to go private through a purchase by a private equity firm Advent International. The all-cash deal values Maxar at an enterprise value of US$6.4 billion.

Geospatial imagery and space infrastructure company Maxar has an established revenue base in this budding industry. Although it does not have top-notch financials, its diversified customer base and long-term growth prospects look well.

After such a massive jump last week, there might be nothing left for new investors. However, existing investors can reap significant profits if the deal closes as planned in mid-2023.

Tourmaline Oil

Canada's biggest gas producer **Tourmaline Oil** (TSX:TOU) has been firing on all cylinders. Higher production and strong execution have played substantially well for its earnings growth for the last several quarters. As a result, TOU stock has returned 116% this year, including dividends.

Thanks to higher gas prices, Tourmaline Oil reported free cash flows of $2.7 billion in the last 12 months. Importantly, it repaid a large amount of debt with this windfall cash, notably strengthening its balance sheet.

Plus, it has also aggressively paid special dividends this year over its regular dividends. So, collectively, the dividend amounts to $7.9 per share, implying a juicy 11% yield.

Interestingly, the company looks well positioned going into 2023. Higher production in the strong price setup will likely fuel stellar financial growth next year as well. So, the shareholder value creation might continue.

Precision Drilling

Energy has been the top-performing sector this year. As the sector has continued to see immense earnings, the growth has seeped into allied sectors as well. Oilfield services has been one of them and could be perceived as a proxy play to the energy sector. Canadian contract driller **Precision Drilling** (TSX:PD) stock has returned 110% this year, beating TSX energy stocks by a big margin.

As oil and gas producers saw improved earnings growth, they upped their capital spending, ultimately creating more business opportunities for companies like Precision.

Even though Precision witnessed decent revenue growth, it continues to remain a loss-making company. However, note that it has paid back millions of dollars of debt this year with higher cash flows.

PD stock might continue to trade at elevated levels due to the fundamental strength in the energy sector. However, it looks like a highly risky bet given its correlation with crude oil prices. Investors can consider pure-play energy producer companies for such high-risk, high-return investment propositions.

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2. Stocks for Beginners

TICKERS GLOBAL

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2. TSX:PD (Precision Drilling Corporation)
3. TSX:TOU (Tourmaline Oil Corp.)

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Date
2025/08/29
Date Created
2022/12/25
Author
vinitkularni20