



3 Companies That Beat Expectations

Description

The next time you're asked "what do **Barrick Gold** (TSX:ABX,NYSE:ABX), **CP Rail** (TSX:CP,NYSE:CP), and **Cenovus Energy** (TSX:CVE,NYSE:CVE) have in common?" you'll finally have an answer. All three of these companies topped analyst expectations in the first quarter. Be prepared to win-over a lot of people!

Tabled below are the market's expectations and the actual results for each:

Company Name	Reported EPS	Expected EPS	% Beat
Cenovus Energy	\$0.52	\$0.46	13.0%
Barrick Gold	\$0.92	\$0.86	7.0%
CP Rail	\$1.24	\$1.22	1.6%

Source: *Bloomberg*

Even though Cenovus' results were below last year's, the market applauded today's earnings by sending the stock up 1.9% thus far. Year-over-year profits were impacted by lower crude oil prices, currency losses and provisions for hedging. However, with oil sands production costs of just \$13.54/bbl, Cenovus remains one of the industry's low-cost producers which should bode well for long-term investors.

Barrick benefitted from lower than expected cash costs in the quarter and the company's CEO vowed to continue cutting costs from the business. In addition, capital and exploration budgets for the coming year were reduced by \$500 million and \$100 million respectively. With the stock up almost 5% on the

day, Barrick investors finally have something to smile about.

CP Rail beat estimates but the stock is in fact down by about 1% with an hour to go. CP's operating ratio improved by 4.3% from last year to 75.8% but still remains the worst in North America. The four year plan is to have the operating ratio settle into the mid-60's, but with a P/E of 45 according to Capital IQ(CN Rail's P/E = 17), this expected improvement appears largely priced in by the market.

Foolish Takeaway

Barrick and Cenovus currently trade at relatively cheap valuations, and CP doesn't. Even though all three beat, their respective valuations have much to do with each stock's reaction.

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Fool contributor Iain Butler is owns shares in Barrick Gold and Cenovus Energy. David Gardner owns shares of CN Rail.

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1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:ABX (Barrick Mining)
4. TSX:CP (Canadian Pacific Railway)
5. TSX:CVE (Cenovus Energy Inc.)

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Author

tmfohcanada

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