



Cannabis Earnings: Alcanna (TSX:CLIQ) Stock Jumps 7%

Description

The **TSX** was on fire on Friday on a retail turnaround inspired by recent cannabis legalization. Friday's earnings were also a big day for data science and agriculture, although earnings in these sectors failed to impress investors on a day reserved for closing positions.

Alcanna

Investors reacted strongly to **Alcanna** (TSX:CLIQ) earnings on Friday. Alcanna's share price rose nearly 7% on the market open after the company reported strong sales for Q2 2019.

Sales for Q2 2019 grew 20.9% over the same quarter last year. James Burns, Alcanna's CEO, expects the trend in stronger sales to restore positive free cash flows next year.

Alcanna opened nine Nova Cannabis retail stores since Q4 2018 and plans to unveil 20 more locations by the end of the year.

Tax-free savings account investors interested in dividend earning [cannabis investments](#) should consider Alcanna stock for its 5.46% dividend yield.

With its entrance into adult-use cannabis, the stock is clearly rebounding – meaning that the high dividend returns will accompany above market-average capital gains.

Moreover, the company increased its retained earnings by about 67% last year. This may signal larger dividend declarations as margins widen from cannabis legalization in Canada.

Computer Modelling Group

While investors were celebrating Alcanna's turnaround, **Computer Modelling Group's** ([TSX:CMG](#)) share price sharply dropped by 3%. The market move came after the company reported earnings of \$0.06 per share for the second quarter of 2019. The news is disappointing given the stock's current

6.37% dividend yield.

Low earnings make the Computer Modelling Group a risky purchase for TFSA account holders. Nevertheless, CMG does specialize in data science and artificial intelligence, a hot tech sector on fire in the stock market.

Founded in 1978, Computer Modelling Group is an international computer software technology company. CMG's current business model focuses on licensing artificial intelligence tools.

The company is known for its machine learning algorithms to simulate oil reservoir recovery processes.

With the advent of cloud computing and Infrastructure as a Service (IaaS), predictive analytics are quickly becoming a growing market. Cloud computing enables companies to store large amounts of data more efficiently.

Before IaaS, business analytics were constrained by expensive in-house data storage capacity.

IaaS solves this problem through third-party data storage facilities which allow companies to share common data.

AG Growth International

AG Growth International ([TSX: AFN](#)) manufactures grain handling equipment internationally. Major brands include Batco, Hi Roller, and Tramco.

This stock should see large moves this year in response to the New NAFTA and U.S. president Donald Trump's global trade war. The Canadian agricultural industry and its suppliers will likely be largely influenced by these trade policies.

The company fell this morning despite reporting record trade sales and adjusted EBITDA. Second quarter financials demonstrated no change in U.S. demand for portable farm equipment. Meanwhile, the Canadian market experienced backlogs in grain handling infrastructure.

AG expressed frustration at the current international trade environment. International agricultural customers feel as if uncertain trade policies prevent them from committing to new capital investments. Nevertheless, AG remained optimistic about market penetration in Brazil and Southeast Asia.

TFSA investors may want to be careful when investing in AG Growth. The company reported negative levered free cash flow last year and suffers from a low profit margin. The dividend yield of 5.27% is tempting, but a gamble in such a volatile industry.

CATEGORY

1. Cannabis Stocks
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2. TSX:CMG (Computer Modelling Group Ltd.)

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Author

debraray

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