



TFSA Investors: 3 Top TSX Stocks About to Report Earnings

Description

We are well into earnings season, and while many companies have reported strong numbers, some of the top **TSX** stocks have yet to report.

Earnings is an important time of the quarter because it gives investors a fresh look into the business operations and the progress on its targets in addition to getting new numbers out of the company, which help form the valuation of the stock.

There is no doubt that when these top stocks report, investors will be watching closely, as they are some of the best Canadian stocks investors can own.

Three stocks to watch that are reporting earnings this week are **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), **Pembina Pipeline Corp** ([TSX:PPL](#))([NYSE:PBA](#)) and **Leon's Furniture Ltd** ([TSX:LNF](#)).

CIBC

CIBC, one of the Big Six Canadian bank stocks and a leading Canadian Dividend Aristocrat, is the first stock on the list because of its high-quality nature as a core stock in many investors' portfolio.

The company is reporting first-quarter 2020 earnings on Wednesday February 26, and investors will be watching carefully to see CIBC's updated numbers.

The future direction of interest rates is largely unknown as the Bank of Canada waits for more data to define its future path.

This will be key for bank stocks that could see their net interest margins shrink if the BOC is forced to cut interest rates. It will also be important to get a look at its credit provision numbers, which could weigh on profitability going forward.

CIBC has raised its dividend by more than 30% over the last five years while keeping its payout ratio

consistent at roughly 50%.

This will most likely continue over the next while, and it's not unreasonable to expect CIBC to increase its dividend at the upcoming earnings.

The consensus estimate for CIBC is \$3.00 a share, a penny lower than the same quarter in 2019, giving it a forward price to earnings of just 9.8 times.

Pembina Pipeline

Pembina Pipeline, a massive energy infrastructure company, is also included on this list because of its importance in the Western Canadian Energy industry, as well as its status as a [Canadian Dividend Aristocrat](#).

The stock is reporting its fourth-quarter earnings on Friday February 28, and investors will be watching to see how the business has progressed over the last three months.

Pembina has a strong and diversified business capable of providing reliable returns for investors. Furthermore, it has a number of promising growth projects under development that investors will be keen to get an update on.

The consensus earnings estimate for Pembina's fourth quarter earnings is \$0.57, with a low estimate of \$0.49 and a high of \$0.70.

Its dividend yields roughly 4.7% and is paying out roughly 75% of its earnings.

Leon's Furniture

Leon's, the top domestic furniture retailer in Canada, is one of the best stocks in Canada for a number of reasons.

Not only does it have a dominant position in its industry, but the company also has a diversified business model with ancillary businesses helping to grow revenue in addition to high-quality real estate assets it can sell off in case of trouble — or merely if the economics make sense.

The company is slated to report its fourth-quarter earnings Wednesday, February 26, and investors will be looking to see how the company has fared since last quarter.

Leon's has been an impressive company the last few years, posting impressive returns and increasing its dividend, but its stock hasn't followed suit.

The consensus earnings estimate for the quarter is \$0.46 on more than \$600 million in revenue, giving Leon's a forward price-to-earnings of just 12.5 times — an ultra-cheap valuation for the leading Canadian furniture retailer.

Bottom line

These three stocks will all be watched closely to see how they have fared in addition to investors wanting an update on the economic environment in each of their industries.

While the stocks may become volatile after earnings, especially if something unexpected is reported, remember to always take a long-term approach, looking at the businesses progress first before analyzing the price of the stock.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:LNF (Leon's Furniture Limited)
5. TSX:PPL (Pembina Pipeline Corporation)

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