3 Canadian Stocks that CRUSHED Earnings Despite COVID-19!

Description

In May, publicly traded companies have started to release earnings following the COVID-19 stock market crash. The results so far have been mixed. While some companies have surprised with solid results, most of the "usual suspects" have done about as badly as expected. That includes airlines, hotels, and cruise lines.

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Since April, stocks have been on the rise, driven by optimistic sentiment about the prospects of re-opening. For the most part, it has been stimulus money and future expectations that have sent stocks higher. Earnings haven't been so great.

However, there have been a few exceptions to this rule. Tech stocks in particular have fared surprisingly well, as have companies that deliver essential services. The following are three such Canadian stocks that crushed earnings despite COVID-19.

Shopify

Shopify is by far the hottest tech company in Canada. After going public just five years ago, it went on a several years-long rally, rising over 2,900% in the markets. Earlier this month, it briefly eclipsed **Royal Bank** as the most valuable company in Canada. Since then, SHOP has slid somewhat, but it's still one of the best-performing Canadian stocks of 2020.

One of the reasons SHOP did so well this year was its earnings release. In the first quarter, Shopify posted 47% revenue growth and 210% growth in adjusted net earnings. The company did post a GAAP loss, but it was not large as a percentage of revenue. The earnings report showed that Shopify benefitted from increased online shopping in the era of COVID-19. Accordingly, investors rewarded it by buying up the stock in droves.

CN Railway

Canadian National Railway was another company that delivered a solid Q1 earnings release. While revenue was flat, earnings were up 29% year over year. Part of that is simply because CN had a rough quarter last winter. However, the company benefitted from higher freight rates and lower expenses. With all of the economic malaise COVID-19 has brought, flat revenue is almost a success. It’s certainly better than what many other companies posted for the same period, and as previously mentioned, profit increased significantly.

Cargojet

Cargojet (TSX:CJT) is a Canadian cargo airline that specializes in small overnight shipments. This niche means that it transports a lot of packages originating from e-commerce sites like **Amazon**. As you may have heard, the closure of retail businesses has led to a surge in e-commerce orders. Cargojet, as a company that ships a lot of those orders, benefits from the trend.

In the first quarter, CJT posted an 11.4% increase in revenue, a 52% improvement in gross margin, and a 24.5% increase in adjusted EBITDA. These results were far better than most other airlines in the same period. Of course, that’s mostly due to the fact that CJT is a cargo airline. Obviously, transporting goods isn’t as risky as flying people in the COVID-19 era. Nevertheless, e-commerce is a strong industry in good *and* bad economies, and Cargojet will continue to benefit from its growth.

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