3 TSX Stocks to Buy Ahead of Their Earnings

Description

The fear of imposition of restrictive measures amid the rising COVID-19 infections has put pressure on the Canadian equity markets in October, with the **S&P/TSX Composite Index** falling 2.6%. However, the index has made a bright start to this month by rising 0.75% on Monday. Investors' expectation of a clear winner in the United States presidential election compared to the earlier notion of an evenly contested outcome drove the global markets higher.

Amid the increased confidence, here are the three stocks that investors should buy ahead of their earnings.

Lightspeed POS

Lightspeed POS (TSX:LSPD)(NYSE:LSPD) is up over 290% from its March lows. As many SMBs took their shops online amid the pandemic, the company shifted its business model to focus on omnichannel solutions to meet its customers' changing needs, driving its financials and stock price.

In the first quarter, the company's top line grew by 51% to $36.2 million, with over 90% of it coming from recurring sources. At the end of the quarter, its total customer locations stood at approximately 77,000, representing an increase of more than 50% from the previous year's quarter. Its GTV (gross transaction volume) had increased by 17% to $5.4 billion.

Meanwhile, Lightspeed POS will report its second-quarter earnings before the market opens on November 5. Amid the new customer acquisition, improvement in restaurant volumes, and higher e-commerce activities, I am optimistic about its second-quarter performance. The management expects its top line to come between $38 million and $40 million, while its adjusted EBITDA losses would be in the range of $7 million and $8 million.

Analysts project the company to report revenues of $39.7 million and adjusted EBITDA losses of $7.2 million. Of the 15 analysts that follow Lightspeed POS, 11 have given a "buy" rating, three have given a "hold" rating, and one analyst has issued a "sell" rating.

Kinaxis

Kinaxis (TSX:KXS), which provides cloud-based supply chain management solutions, is up close to 104% for this year. Globalization and higher e-commerce sales have increased the complexities for the supply chains, which, along with higher competition, has led the company's addressable market to grow.

During the first six months of this year, Kinaxis has reported revenue growth of 29.5%, while its adjusted EBITDA has improved from 31% to 33%. The new customer additions and extension of the subscription by the existing customers drove the company's top line. The company's revenue-retention rate is over 100%, reflecting its long-term contract structure and high renewal history.

Meanwhile, Kinaxis will report its third-quarter earnings after the market closes on November 4. Analysts project the company to report revenues of $52.4 million, representing year-over-year growth of 11.2%. Along with new customer acquisition and subscription renewals, the acquisition of Rubikloud, which provides AI-based demand planning services to CPG companies, could drive the company's revenue.

Given its strong sales pipeline, high customer retention, and acquisitions, I am bullish on Kinaxis. Of the 11 analysts covering the stock, nine have given a "buy" rating, while the remaining two have given a "hold" rating. Overall, analysts' consensus price target stands at $179.09, representing a potential fall of over 12% from its current stock price.

Enbridge

The timid oil demand and weak oil prices have weighed heavily on **Enbridge's** (TSX:ENB)(NYSE:ENB) financials and stock price. In its second quarter, the company's adjusted EPS had declined by 16.4% due to a decline in its liquid mainline throughput. Meanwhile, the company runs a highly contracted business, generating 98% of its EBITDA from long-term take-or-pay and cost-of-service contracts, providing stability to its earnings.

Enbridge will be reporting its third-quarter earnings before the market opens on November 6. I expect the company's third-quarter earnings to be subdued amid the weakness in the energy sector. However, the company has ample liquidity of $14 billion to ride out this crisis.

This year, the company's stock price has fallen by 30%, which has increased its dividend yield and lowered its valuation multiple. Enbridge's dividend yield currently stands at a juicy 8.9%, while its forward price-to-earnings multiple looks attractive at 14.3. Meanwhile, of the 26 analysts that follow Enbridge, 21 have given a "buy" rating, four have given a "hold" rating, and one analyst has issued a "sell" rating.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ENB (Enbridge Inc.)
4. TSX:KXS (Kinaxis Inc.)
5. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/23
Date Created
2020/11/03
Author
rnanjapla