



These 3 TSX Stocks Report Their Earnings Next Week: Should You Buy?

Description

The Canadian equity markets are on an upward momentum this month, with the S&P/TSX Composite Index rising 11% and is trading just 3.7% lower from its all-time high. Meanwhile, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)), and **OrganiGram Holdings** ([TSX:OGI](#))([NASDAQ:OGI](#)) will be reporting their earnings next week. Should you buy these stocks ahead of their earnings amid the improvement in investors' sentiments? Let's see.

Bank of Nova Scotia

The higher provisions for credit losses amid the pandemic weighed heavily on Bank of Nova Scotia's financials and stock price. The company has significant exposure to Latin America, which was severely hit by the pandemic. In its [July-ending quarter](#), the company's adjusted net profits declined by 47% due to the weak performance from the Canadian and International Banking segments.

Meanwhile, Bank of Nova Scotia will report its fourth-quarter earnings before the market opens on December 1. Analysts project that the negative trend in the company's financials to continue, with its adjusted EPS is forecasted to fall around 30% year over year.

However, with the economic activities improving following the pandemic-infused restrictions, I expect its fourth-quarter number to show some sequential improvement. The company has already set aside billions of dollars as provisions for credit losses, which could protect its bottom line. Meanwhile, I also expect a strong performance from the company's Global Banking and Markets division and Global Wealth Management division to boost its fourth-quarter performance.

Meanwhile, the vaccine could significantly improve its recovery prospects. Amid the encouraging news on the vaccine, the company's stock rose 17% higher for this month. Despite the increase, Bank of Nova Scotia trades 11.5% lower for this year, providing an [excellent buying opportunity](#) for long-term investors.

Descartes Systems

Descartes Systems provides management software solutions to logistics-intensive businesses. Amid the pandemic, not only large retailers, even small SMBs (small- and medium-scale businesses) are taking their businesses online. The shift towards digitization has increased the complexities for logistics companies, including pricing pressure, quicker order-to-fulfillment time, and flexibility in scheduling and rescheduling. So, more logistics companies are subscribing to Descartes Systems's services amid the increased customers' needs.

In the first two quarters of its fiscal 2021, Descartes Systems's top line has grown by 5.8%, while its EPS increased by 31.6%. Analysts expect the upward trend to continue in the third quarter, when it reports its third-quarter performance after the market closes on December 2. Analysts project the company's top line to rise by 3.9% to \$86.2 million, while its EPS could increase by 27.3% to \$0.14.

In June, Descartes Systems had acquired Cracking Logistics, which provides client-facing digital freight execution platforms, for \$5.4 million. The new customer subscriptions and expansion in existing customer subscriptions could drive the company's top line along with the acquisitions in the last four quarters. With e-commerce sales forming a smaller percentage of total sales in Canada, the sector has substantial scope to expand. The growth in e-commerce sales could benefit Descartes Systems. So, I am bullish on the company.

OrganiGram Holdings

Amid the renewed interest in the cannabis sector amid Joe Biden's victory in the United States presidential elections, many cannabis stocks have seen a significant uptick in their stock prices. However, OrganiGram is still trading over 51% lower for this year due to its weak third-quarter performance and decline in its market share. The dilution concerns amid the new equity offering of \$60 million have also contributed to the decline.

In the last two quarters, OrganiGram's top line has witnessed a sequential decline. The decline in its average selling price and volumes have dragged its sales down. The company's management had blamed increased competition and delay in the launch of its large format value product for lower sales. Meanwhile, OrganiGram has launched large format value products and introduced several Cannabis 2.0 products in the fourth quarter.

But analysts appear to have not been convinced with the company's initiatives. They expect the downward trend in OrganiGram's sales to continue. For the fourth quarter, analysts expect OrganiGram to report revenue of \$15.3 million, representing a sequential fall of 15%. So, I believe investors should avoid OrganiGram ahead of its earnings.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NASDAQ:OGI (OrganiGram)
3. NYSE:BNS (The Bank of Nova Scotia)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:DSG (The Descartes Systems Group Inc)
6. TSX:OGI (OrganiGram)

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Date

2025/09/27

Date Created

2020/11/26

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