



## 2 Investor-Favourite TSX Stocks That Could Reverse After Q4 Earnings

### Description

Markets are soaring higher with the fourth-quarter earnings season in full swing. So far, it has been a mixed bag with the tech sector dominating while consumer discretionary space taking a beating. Here are two top TSX stocks that could change their course after their recently released fourth-quarter earnings.

### Cineplex

There seems no respite for **Cineplex** ([TSX:CGX](#)) and its investors. The theatre chain operator reported yet another gloomy quarter on Thursday. Its revenues fell to \$52 million — a massive drop of 88% compared to Q4 2019. Its net loss also widened in the quarter to \$230 million.

Cineplex's fourth-quarter 2020 results were more concerning than the pandemic-dominated prior two quarters. Apart from its broadened loss, the bigger concern is the accelerated cash burn. The company burnt net cash of \$74.3 million in Q4 against \$49.7 million in Q3 and \$54 million in Q2 2020. Cineplex has to lower its cash burn rate if it wants to survive till the footfall at theatres normalizes. At the end of Q4, Cineplex had \$16.3 million in cash.

Although Cineplex has received another extension from its creditors, things still look bleak for it in 2021. Importantly, Cineplex management forecast a potential breach of debt covenants within the next 12 months, given the delayed movie releases and current closures. Going further, the management does not deny potential defaulting on its credit terms.

CGX stock was little changed on Thursday. It continues to remain a highly speculative bet for investors. The stock sported [an eye-catching recovery](#) in the last three months on the vaccine launch. However, the stock will likely reverse going forward on a gloomier outlook.

### Yamana Gold

Canadian precious metals producer **Yamana Gold** ([TSX:YRI](#))([NYSE:AUY](#)) reported solid Q4 earnings

this week. The stock has been trading subdued following the yellow metal. However, a \$6 billion Yamana Gold could soar higher on better-than-expected Q4 results.

Yamana Gold reported a net profit of US\$103 million for the quarter ended December 31, 2020. That was a substantial growth compared to its year-ago profit of US\$14.6 million. Strong production growth coupled with higher realized gold prices uplifted miner's earnings during the quarter.

Many gold miners reported handsome growth due to higher yellow metal prices. However, Yamana Gold's earnings growth is much steeper against its peers. Interestingly, YRI stock looks notably undervalued compared to its recent earnings growth. The stock should soar higher and reprice to superior growth in 2021.

Investors should also note that Yamana has aggressively repaid its debt in the last few years. Mining is a capital-intensive business, and many companies have a large amount of debt on their books. However, YRI stands tall among them with its lighter balance sheet and reasonable leverage.

Yamana Gold [increased](#) its quarterly dividend by 50% after its higher earnings. It will pay a dividend of \$0.105 per share in 2021, which implies an annualized yield of 2%.

Many gold mining companies offer handsome growth prospects for 2021. But very few of them are trading at an attractive valuation. Yamana Gold is among them.

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## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:CGX (Cineplex Inc.)
3. TSX:YRI (Yamana Gold)

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