



3 TSX Stocks That Posted Solid Earnings This Week

Description

While the uncertain recovery from the pandemic hints at a probable stock weakness, solid quarterly earnings growth suggests a continued rally. TSX stocks at large are up almost 10% so far in 2021. Attractively valued stocks, backed by solid fundamentals, could keep trading higher in 2021. Here are three [TSX stocks](#) that reported solid earnings this week.

Canadian Natural Resources

The energy sector has been one of the top performers in the recent rally. Canadian energy titan stock **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is up almost 250% since last March. Notably, its Q1 earnings could continue to boost the stock further higher.

The Calgary-based company reported a profit of \$1.4 billion in Q1 2021 against a loss of \$1.3 billion in the same quarter last year. Higher production and higher oil and gas prices played well for the company during the quarter. Canadian Natural expects to make around \$6 billion in free cash this year after provisioning for dividends and capital investments.

The recent crude oil price rally indeed paints a rosy picture for energy producers and investors. Like many other oil giants, Canadian Natural aims to reduce debt, instead of deploying the funds on increasing production. The energy demand outlook is still uncertain, and producers want to be sure of it before increasing the production.

CNQ stock yields 5% currently, which is higher than peers. Its solid balance sheet, attractive valuation, and stable dividend profile make it an attractive long-term investment.

Open Text

Canadian mid-size software stock **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) has been trading weak since last month. However, its solid quarterly earnings could reverse the trend.

Open Text, a software company that provides a cloud-based information management platform, reported its fiscal third-quarter [earnings](#) on May 6. Its net income for the quarter ended March 31, 2021, grew by a massive 250% relative to the same quarter last year.

The company managed some significant customer wins in the quarter, which included **Royal Bank of Canada**, State of Qatar Ministry of Interior, and Maersk. Expanded customer base and product launches boosted Open Text's earnings during the quarter. Better-than-expected earnings and a recent pullback could drive the OTEX stock higher in the short to medium term.

Air Canada

Canada's biggest passenger airline **Air Canada** ([TSX:AC](#)) reported its first-quarter earnings today. Its revenues came in at \$729 million in Q1 2021 — a drop of 80% year over year. Air Canada reported a net loss of \$1.30 billion in the recently reported quarter.

The flag carrier's huge drop in Q1 revenues and earnings was much on the expected lines. Importantly, Air Canada's prudent liquidity management will be a positive cue for investors. It burned approximately \$14 million per day in Q1 2021, notably lower than global peers. Besides, Air Canada's outlook to ramp up operations in Q2 2021 will likely encourage investors. It intends to double its operating capacity in the current quarter as compared to Q2 2020.

AC stock is up a mere 6% this year and has largely trading subdued for the last few weeks. A bigger-than-expected bailout package from the Canadian government has also failed to revive the stock. How its Q1 earnings impact the stock remains to be seen.

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