

# MORNING NEWS CALL

Powered by Reuters

Canada Edition

Thursday, May 2, 2024

## Earnings Roundup

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### TOP NEWS

- **Canadian Natural Resources misses first-quarter profit estimates on lower sales, pricing**

Canada's largest oil and gas producer Canadian Natural Resources missed analysts' estimates for first-quarter profit, hurt by lower-than-expected production, along with a decrease in sales and realized pricing.

- **Air Canada reports bigger loss than market expectations as costs rise**

Air Canada reported a bigger first-quarter loss than market expectations, as higher operating costs tied to labor and aircraft maintenance dampened gains from a rebound in business travel.

- **Thomson Reuters raises 2024 forecast on first quarter performance**

Thomson Reuters beat first quarter revenue expectations, lifted its annual financial forecast and raised its annual dividend by 10% to \$2.16 as it continued to invest heavily in artificial intelligence.

- **ConocoPhillips misses quarterly profit estimates on lower commodity prices**

U.S. oil and gas producer ConocoPhillips missed Wall Street estimates for first-quarter profit, as demand concerns kept commodity prices in check.

- **Qualcomm forecast beats estimates as AI drives chip sales in China**

Qualcomm on Wednesday forecast quarterly sales and adjusted profit above Wall Street expectations, driven by selling more and pricier chips into Android smartphones with artificial-intelligence features.

### BEFORE THE BELL

**Futures for Canada's main stock index** rose supported by a rise in oil prices, which rebounded from seven-week low as focus shifts to potential U.S. move to build up its strategic reserves. **Wall Street futures** advanced a day after the Federal Reserve left interest rates unchanged and allayed fears around potential rate hikes. Meanwhile, the **yen** backtracked after a suspected intervention-fueled leap late on Wednesday, while the **Nikkei** tumbled. **Gold** prices fell on Fed indications that interest rates would stay high for longer and the **U.S. dollar** pared losses after retreating from near six-month highs. In **Europe, markets** were sluggish after a day off, while investors assessed a slew of earnings.

### STOCKS TO WATCH

#### Results

- **Air Canada:** The company reported a smaller first-quarter adjusted loss, as Canada's largest carrier benefited from a rebound in bookings for business travel. Executives at Air Canada's U.S. peers have highlighted expectations for robust travel demand across both domestic and international routes in the upcoming summer

season. The International Air Transport Association expects 4.7 billion people to travel in 2024, compared with 4.5 billion in 2019. Its adjusted loss narrowed to C\$96 million, or C\$0.27 per share, from C\$188 million, or C\$0.53 per share, a year earlier. The Canadian carrier's quarterly operating revenue rose 7% to C\$5.2 billion in the quarter ended March 31.

- **Canadian Natural Resources Ltd:** The company missed analysts' estimates for first-quarter profit, hurt by lower-than-expected production, along with a decrease in sales and realized pricing. The firm posted an adjusted profit of C\$1.37 per share, below analysts' average estimates of C\$1.48 per share. Net earnings were C\$987 million compared with C\$1.8 billion for the first quarter of 2023 due to lower realized synthetic crude oil (SCO) and natural gas pricing. Product sales came in at C\$9.42 billion, slightly below the year-ago quarter, with a nearly 39% drop in natural gas sales. Overall production came in at 1.33 million barrels of oil equivalent per day (boepd), lower than analysts' expectations of 1.35 million boepd. CNQ also saw a drop in its oil sands mines, coming in at 445,209 barrels a day, a decrease of 3% from year-ago levels, on planned and unplanned maintenance. It also said it would benefit from the starting up of the Trans Mountain Oil pipeline, in which it can move 94,000 barrels a day.

- **Thomson Reuters Corp:** The company beat first quarter revenue expectations, lifted its annual financial forecast and raised its annual dividend by 10% to \$2.16 as it continued to invest heavily in artificial intelligence. The news and information provider reported an 8% rise in first quarter revenue to \$1.88 billion, from \$1.74 billion a year earlier. Wall Street expected \$1.85 billion in the quarter. Operating profit, which Thomson Reuters said rose 10% to \$557 million, fell just short of expectations of \$559 million. Adjusted earnings per share, excluding one-time items were \$1.11 per share. The company raised its annual total revenue forecast as a result of its first quarter performance and now expects it to rise by between 6.5% and 7%, up from 6.5%. It forecast total revenue from its big three business segments of legal, tax and accounting and corporates, to rise by between 8% and 8.5%, up from 8%. Reuters News revenue rose 21% to \$210 million, from the non-recurring transactions from content licensing deals related to generative AI.

## GRAPHIC

### Tech giants' market cap falls on AI doubts, high rates: Alphabet, Tesla gain

The market capitalisation of top technology giants fell sharply in April, pressured by diminishing enthusiasm for artificial intelligence and a scaling back of expectations for central bank interest rate cuts.

## ANALYSTS' RECOMMENDATION

- **Bombardier Inc:** CIBC raises rating to outperformer from neutral and raises price target to C\$91 from C\$67, citing greater clarity on its free cash flow profile post-2025.

- **Bausch + Lomb Corp:** Evercore ISI cuts target price to \$15 from \$17, as it expects third straight year of fall in earnings.

- **Capital Power Corp:** Scotiabank cuts target price to C\$40 from C\$45, on increased debt related to the capital cost escalations.

- **CGI Inc:** CIBC cuts target price to C\$165 from C\$169, referring to a weaker demand environment in certain verticals.

- **Loblaw Companies Ltd:** Scotiabank raises target price to C\$161 from C\$148.27, as its Shoppers drug mart exhibits strong structural trends.

## ECONOMIC EVENTS (All timings in U.S. Eastern Time)

0830 **Trade Balance** for March: Expected C\$1.50 bln; Prior C\$1.39 bln

0830 **Exports** for March: Prior C\$66.62 bln

0830 **Imports** for March: Prior C\$65.23 bln

## COMPANIES REPORTING RESULTS

### May 2:

**AltaGas Ltd:** Expected Q1 earnings of C\$1.04 per share

**Altus Group Ltd:** Expected Q1 earnings of 38 Canadian cents per share

**Aritzia Inc:** Expected Q4 earnings of 32 Canadian cents per share

**Atco Ltd:** Expected Q1 earnings of C\$1.26 per share  
**Bausch Health Companies Inc:** Expected Q1 earnings of 72 cents per share  
**BCE Inc:** Expected Q1 earnings of 69 Canadian cents per share  
**Canadian Utilities Ltd:** Expected Q1 earnings of 82 Canadian cents per share  
**Canfor Corp:** Expected Q1 loss of 66 Canadian cents per share  
**Capstone Copper Corp:** Expected Q1 earnings of 00 break even per share  
**Colliers International Group Inc:** Expected Q1 earnings of 94 cents per share  
**Fairfax Financial Holdings Ltd:** Expected Q1 earnings of \$1.16 per share  
**IGM Financial Inc:** Expected Q1 earnings of 88 Canadian cents per share  
**Maple Leaf Foods Inc:** Expected Q1 earnings of 12 Canadian cents per share  
**Open Text Corp:** Expected Q3 earnings of 94 cents per share  
**Pason Systems Inc:** Expected Q1 earnings of 32 Canadian cents per share  
**Sandstorm Gold Ltd:** Expected Q1 earnings of 2 cents per share  
**TMX Group Ltd:** Expected Q1 earnings of 38 Canadian cents per share  
**Trisura Group Ltd:** Expected Q1 earnings of 65 Canadian cents per share

### May 3:

**Brookfield Business Partners LP:** Expected Q1 loss of C\$1.58 per share  
**Magna International Inc:** Expected Q1 earnings of C\$1.24 per share  
**TC Energy Corp:** Expected Q1 earnings of C\$1.14 per share  
**TransAlta Corp:** Expected Q1 earnings of 16 Canadian cents per share

### CORPORATE EVENTS (All timings in U.S. Eastern Time)

0800 **Bausch Health Companies Inc:** Q1 Earnings Conference Call  
 0800 **BCE Inc:** Q1 Earnings Conference Call  
 0800 **Maple Leaf Foods Inc:** Q1 Earnings Conference Call  
 0800 **Toromont Industries Ltd:** Q1 Earnings Conference Call  
 0830 **GFL Environmental Inc:** Q1 Earnings Conference Call  
 0830 **Primaris Real Estate Investment Trust:** Q1 Earnings Conference Call  
 0900 **Fortis Inc:** Annual Shareholders Meeting  
 0900 **Russel Metals Inc:** Q1 Earnings Conference Call  
 0930 **BCE Inc:** Annual Shareholders Meeting  
 1000 **Franco-Nevada Corp:** Q1 Earnings Conference Call  
 1000 **Lundin Mining Corp:** Q1 Earnings Conference Call  
 1000 **Primaris Real Estate Investment Trust:** Annual Shareholders Meeting  
 1000 **Toromont Industries Ltd:** Annual Shareholders Meeting  
 1100 **AltaGas Ltd:** Q1 Earnings Conference Call  
 1100 **Canadian Utilities Ltd:** Q1 Earnings Conference Call  
 1100 **Canfor Corp and Canfor Pulp Products Inc:** Q1 Earnings Conference Call  
 1100 **Colliers International Group Inc:** Q1 Earnings Conference Call  
 1100 **Loblaw Companies Ltd:** Annual Shareholders Meeting  
 1100 **Maple Leaf Foods Inc:** Annual Shareholders Meeting  
 1100 **Pason Systems Inc:** Q1 Earnings Conference Call  
 1100 **Topaz Energy Corp:** Annual Shareholders Meeting  
 1200 **Atco Ltd:** Q1 Earnings Conference Call  
 1200 **Badger Infrastructure Solutions Ltd:** Annual Shareholders Meeting  
 1200 **Great-West Lifeco Inc:** Annual Shareholders Meeting  
 1230 **Paramount Resources Ltd:** Annual Shareholders Meeting  
 1300 **Canadian Natural Resources Ltd:** Annual Shareholders Meeting  
 1300 **Tourmaline Oil Corp (Alberta):** Q1 Earnings Conference Call  
 1500 **AltaGas Ltd:** Annual Shareholders Meeting  
 1530 **Great-West Lifeco Inc:** Q1 Earnings Conference Call  
 1630 **Aritzia Inc:** Q4 Earnings Conference Call  
 1700 **Altus Group Ltd:** Q1 Earnings Conference Call  
 1700 **Capstone Copper Corp:** Q1 Earnings Conference Call  
 1700 **Open Text Corp:** Q3 Earnings Conference Call  
 1730 **Pason Systems Inc:** Annual Shareholders Meeting  
 2030 **Parkland Corp:** Q1 Earnings Conference Call



**EX-DIVIDENDS****Canadian Utilities Ltd:** Amount C\$0.45**MTY Food Group Inc:** Amount C\$0.28

*(All analysts' estimates are according to LSEG IBES data)*

**PICTURE OF THE DAY**

*Montreal police prepare to close off access to the streets around McGill University to May Day protesters and keep them out of a protest encampment in support of Palestinians, during the ongoing conflict between Israel and the Palestinian Islamist group Hamas, at McGill University's campus in Montreal, Quebec, May 1. REUTERS/Peter McCabe*

(Compiled by Anjana J Nair and Malini K in Bengaluru)

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[morning.newscall@thomsonreuters.com](mailto:morning.newscall@thomsonreuters.com)

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LSEG  
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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