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Morning Need to Know

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Written & curated by Sean Mason, Associate
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CANADIAN ANALYSTS' CALLS

Descartes Systems Group (TSX:DSG). RBC Dominion Securities analyst Paul Treiber raised his target price on Descartes shares to US\$67 from US\$57, while keeping an “Outperform” rating on the stock, expecting the Company to exceed expectations when it reports its second-quarter results on September 9, as a result of a stronger global trade environment.

“The company has achieved 15 per cent per annum compounded growth in FCF/share over the last 10 years as a result of its disciplined organic and M&A growth strategy,” he said.

“Our Outperform thesis is based on: 1) continued valuation creation through acquisitions; 2) organic growth acceleration on the shift to more strategic segments; and 3) network effects fuel margin expansion and FCF growth.”

AirBoss of America Corp. (TSX:BOS). Canaccord Genuity analyst Yuri Lynk believes BOS' recent share price weakness presents investors with an attractive buying opportunity, keeping his “Buy” rating and \$32 per share target price.

“AirBoss stock price has dropped by over 17 per cent since the announcement of strong Q2/2020 results on Aug. 10,” the analyst wrote.

“This weakness accelerated on August 31, potentially in response to a story published by Bloomberg news that day reporting on HHS canceling several contracts for ventilators. Recall, HHS is the same government agency that awarded AirBoss Defense Group (ADG) its US\$121-million contract back on July 27, its largest ever contract award. However, we do not see ADG being affected by the cancellation news as it does not supply ventilators but rather a different product aimed at an entirely different user base.”

He added that AirBoss' net debt-to-EBITDA (TTM) ratio stands at just 0.7 times, which provided management with numerous capital allocation options that could create further value for shareholders.



U.S. ANALYSTS' CALLS

Costco Wholesale Corporation (NASDAQ:COST). Citi analyst Paul Lejuez upped his target price on the stock to US\$365 per share from US\$345, while maintaining a “Neutral” rating, saying the Company's “strong momentum” continues.

“We like long-term positives of the COST story including its membership format, its merchandising strategy, its low prices, the draw of its ancillary businesses, its e-commerce initiatives, its geographic diversification, the steady nature of margins, and cash returns to shareholders,” Mr. Lejuez said.

“We expect these factors to drive ongoing strength

in SSS [same store-sales] growth and membership sign-ups as COST continues to generate strong EPS growth via the top line. But with COST trading at the upper end of its historical ranges, we see these positives priced into the stock at current levels.”

FirstCash, Inc. (NASDAQ:FCFS). Credit Suisse upgraded shares of the international operator of pawn stores to "Outperform" with a \$74 per share price target.



STOCKS THAT MAY MOVE

Calian Group Ltd. (TSX:CGY) announced that it has acquired Tallysman Wireless Inc., a manufacturer of precision global navigation satellite systems antennas, and related components, for a total consideration of up to \$24.5 million.

Fosterville South Exploration (TSXV:FSX) reported drill results from its Golden Mountain Project in Australia, which included 27.6 metres of 6.7 grams per tonne (g/t) gold.

GoldMining Inc. (TSX:GOLD) said former Goldcorp Inc. chairman Ian Telfer has joined its Gold Royalty Corp. subsidiary as chairman of its advisory.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a lower open on Thursday, following better-than-expected U.S. weekly jobless claims, as investors are poised to take some profits on tech stocks.

CURRENCIES

The Canadian dollar is down 0.35 at 0.7631 (U.S.).

COMMODITIES

West Texas Intermediate crude oil slid 1.8% at \$40.75.

Gold slipped 0.2% to \$1,940.20 an ounce.

Please email questions, comments or concerns to:

[*customercare@capitalideasresearch.com*](mailto:customercare@capitalideasresearch.com)

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Sean Mason
Associate Publisher,
Capital Ideas Media

www.capitalideasmedia.com



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