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Morning Need to Know

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Written & curated by the Capital Ideas Media team

CANADIAN ANALYSTS' CALLS

GDI Integrated Facility Services Inc. (TSX:GDI). Desjardins Securities analyst Frederic Tremblay raised his target price on the janitorial services and supplies stock to $48 per share from $43.50, while maintaining a "Buy" rating, following the release of the better-than-anticipated Q3 results that featured record adjusted EBITDA, "strong" cash flow and reduced leverage.

"In the near term, we believe GDI's janitorial operations should benefit from persistently strong demand for specialty services (eg high-frequency cleaning, disinfection), supplemented by a recovery in recurring janitorial services as more buildings reopen. We also view this as positive for the Complementary Services segment, which has been operating at excess capacity to supply gloves, masks, hand sanitizers and other key supplies. We continue to believe that GDI will remain a force post-pandemic," he said.

WildBrain Ltd. (TSX:WILD). Scotia Capital analyst Jeff Fan bumped up his target price on the stock to $2 per share from $1.20 with a "Sector Perform" rating.

"We believe the new AppleTV+ production improves the line of sight to EBITDA stability over the next 6-8 quarters allowing management to focus on strategic initiatives to return to growth and reduce financial leverage," the analyst wrote.

U.S. ANALYSTS' CALLS

Home Depot Inc. (NYSE:HD). Gordon Haskett analyst Chuck Grom upgraded Home Depot stock to "Buy" from "Accumulate," while reiterating a $315 per share price target, saying Lowe's outperformance relative to Home Depot in 2020 has come in large part from its relatively higher exposure to do-it-yourself customers and relatively lower exposure to professional projects.

"Moving to 2021, however, it's our expectation that the pendulum shifts back in favor of the Pro/DIFM cohort, which along with being significantly further ahead on its investment cycle should lend to better for Operating Margin dollar flow through for Home Depot relative to Lowe's," Mr. Grom said.

ServiceNow Inc. (NYSE:NOW). Morgan Stanley analyst Keith Weiss upgraded the stock to "Overweight" while increasing his price target to \$652 per share from \$559, saying the post-pandemic demand for workflow automation could position ServiceNow to "sustain 25%+ revenue growth" and durable FCF growth that tops 30% through 2023.

The analyst also sees a path to "sustainable 25%+ subscription revenue growth for the foreseeable future," noting that NOW's billings growth performed better than peers during the pandemic downturn and should accelerate next year as the demand environment improves.

STOCKS THAT MAY MOVE

Algonquin Power & Utilities Corp. (TSX:AQN) reported third-quarter revenue that rose 3% to US$376.1 million, while its Adjusted Net Earnings for the period climbed 27% to US$88.1 million.

Park Lawn Corporation (TSX:PLC) announced that its Q3 revenue surged 26% to $83.8 million, while its Adjusted Net Earnings per share for the quarter increased to $0.259 from $0.221.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Friday following Thursday's steep pullback.

CURRENCIES

The Canadian dollar is up 0.05 at 0.7614 (U.S.).

COMMODITIES

West Texas Intermediate crude oil fell 1.3% at $40.59 after the U.S. Energy Information Administration reported that crude inventories rose by 4.3 million barrels last week.

Gold gained 0.6% to $1,884.90 an ounce.

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