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## Morning Need to Know

Getting you ready for your investing day

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Written & curated by the Capital Ideas Media team

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### CANADIAN ANALYSTS' CALLS

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**Calian Group Ltd. (TSX:CGY).** Echelon Capital Markets analyst Amr Ezzat is maintaining his “Buy” rating on the Canadian IT stock but is lowering his target price slightly from \$77 per share to \$75, saying the recent pullback in the Company's share price is a good opportunity for investors.

“CGY has all the bells and whistles an investor would seek out in a quality company. The stock has tripled in the last three years, as management transitioned its philosophy and growth strategy from what was a ‘steady Eddie’ operator with stable revenues/earnings, to one seeking to capitalize on

growth in a more aggressive fashion,” he said.

“We argue that the Street has consistently underestimated valuation by failing to recognize the accretion potential of M&A on Calian’s earnings and more importantly on its valuation. We believe using an EBITDA/earnings multiple on short-term earnings estimates significantly (and incorrectly) undervalues Calian’s shares as it gives no recognition to the Company’s inorganic growth activity (and indeed, its under-leveraged balance sheet).”

**Avante Logixx Inc. (TSXV:XX).** Canaccord Genuity analyst Doug Taylor raised his target price on the security services stock to \$2.50 per share from \$1.50, while keeping his “Buy” rating, saying the Company's financial performance is beginning to “track to management’s vision” and its shares may follow after XX reported better-than-anticipated Q2 results.

“The primary question following a strong quarterly print like Avante’s Q2 is whether the newly established profit level is sustainable,” the analyst wrote.

“We point to several items of note: 1) 80 per cent-plus of Avante’s revenue comes from recurring, contractual agreements with high predictability; 2) the pandemic is producing, at worst, a mixed impact and could be argued as a slight positive; 3) the company targets 10-per-cent organic growth and 10-per-cent EBITDA margins (leaving upside to current estimates); and 4) capex is primarily maintenance-related, which is improving conversion of EBITDA to FCF.”



## U.S. ANALYSTS' CALLS

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**Deere & Company (NYSE:DE).** RBC Dominion Securities analyst Seth Weber increased his target price on the stock to US\$280 per share from US\$252, while maintaining an “Outperform” rating, in response to its better-than-expected Q4 results and encouraging outlook while believing the Company is “very well positioned” for an imminent rebound in the demand for farm equipment.

“Deere [was down] 1.9 per cent [on Wednesday] (S&P down 0.2 per cent) despite big upside 4Q20

revenue/EPS and above-consensus FY21 that we see as indicative of significant operating/platform initiatives that have structurally changed the company for the better (e.g., smart industrial model, more technology/precision solutions, leaner org) and remain underway,” Mr. Weber said.

### **The ExOne Company**

(NASDAQ:XONE). Oppenheimer initiated coverage on the 3D printing technology stock with an “Outperform” rating and a \$13 per share target price.



## **STOCKS THAT MAY MOVE**

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**Shopify Inc. (TSX:SHOP)** announced record-setting Black Friday sales of \$2.4 billion.

**K2 Gold Corporation (TSXV:KTO)** reported drill results from its 100% owned Mojave property in California, which included 86.9 meters of 4.0 g/t gold from surface.

## **MARKETS**

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**S&P/TSX and U.S. equity futures** are pointing to a mixed open Monday on reports that US President Trump is poised to add China chipmaker SMIC and oil and gas producer CNOOC to a black list of alleged Chinese military companies.

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## **CURRENCIES**

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The Canadian dollar is up 0.22 at 0.7720 (U.S.).

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## **COMMODITIES**

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West Texas Intermediate crude oil fell 1.2% at \$44.98.

Gold slipped 0.8% to \$1,774.30 an ounce.

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