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Morning Need to Know

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Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

Lightspeed POS Inc. (TSX:LSPD). BTIG analyst Mark Palmer upgraded the stock to “Buy” from “Neutral” with a target price of \$97 per share, calling it a “cloud-based POS leader with accelerating fundamentals and upside from payment.”

“Shares of LSPD have declined by almost 34 per cent in just over two weeks amidst a broad selloff in the software and payments space, a retreat that we view as an opportunity for investors to buy into an attractive restaurant and retail point-of-sale (POS) leader with accelerating fundamentals at a reasonable valuation,” he said.

“LSPD added to its exposure in the hospitality and restaurant sectors with its acquisitions of ShopKeep and Upserve, and, as such, we believe the deals made the company even more levered to improvement in the macroeconomic environment as vaccines become more widely distributed and the impact of the pandemic abates. We expect LSPD to post top-line growth in the 40-per-cent context during the next couple of years, an estimate that reflects our view it will be a significant beneficiary of consumers’ return to a more normal footing.”

WELL Health Technologies Corp.

(TSX:WELL). Desjardins Securities analyst David Newman raised his rating on the healthcare tech stock to “Buy” from “Hold,” following the Company's \$19.25-million acquisition of New Zealand’s Intrahealth Systems Ltd, seeing the deal as “a retracing back to WELL’s core advantage as a hybrid healthcare provider.” Mr. Newman maintained a \$10.50 per share target price on WELL.

“We are upgrading ... given the United Digestive resign by CRH, stronger digital health SaaS revenue with high-margin recurring revenue, Intrahealth’s

attractive valuation and a potential U.S. listing,” the analyst wrote.

He pointed to a trio of benefits from the deal: an expansion of its EMR addressable market and “firmly positioning it as an international operator with a multi-product business;” the ability to market Intrahealth’s Profile EMR product alongside its own OSCAR offering; and the benefit integrating Intrahealth to the apps.health marketplace, “paving the way for third-party developers to have the digital health apps available for both OSCAR Pro and Intrahealth.”



U.S. ANALYSTS' CALLS

Builders FirstSource, Inc. (NASDAQ:BLDR). Stifel analyst Stanley Elliott resumed coverage on the largest U.S. supplier of building products with a “Buy” rating and a \$56 per share price target.

Mr. Elliott said the recently-announced merger with BMC Stock Holdings combines the number two and number five Pro Dealers and solidifies Builders

number two position in a “highly fragmented industry.”

He added that he likes the Company's economics of scale, enhanced product offering, southern footprint, and runway for consolidation at a time when the outlook for housing in the U.S. “remains robust.”

Digi International Inc. (NASDAQ:DGII). Piper Sandler analyst Harsh Kumar initiated coverage on the Internet of Things (IoT) products provider with an “Overweight” rating and a \$29 per share price target, believing Digi is “undervalued and underappreciated” by the investment community.

He wrote the company's Internet of Things solutions business and annual recurring revenue growth are not reflected in the multiple, as he feels current share levels “represent a very attractive entry point, as we are still in the very early innings of IoT.”



STOCKS THAT MAY MOVE

Curaleaf Holdings, Inc. (CSE:CURA) announced an agreement to acquire EMMAC Life Sciences Limited, the largest vertically integrated independent cannabis company in Europe, for base consideration of about US\$286 million to be paid 85% in Curaleaf subordinate voting shares and 15% in cash.

GT Gold Corp. (TSXV:GTT) said it has agreed to be acquired by Newmont Corporation (NYSE:NEM) for C\$3.25 per share in cash.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Wednesday following the Nasdaq's best one-day performance of the year.

CURRENCIES

The Canadian dollar is down 0.03 at 0.7907 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 0.6% at \$64.36.

Gold slipped 0.4% to \$1,710.30 an ounce.

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