

Taking Stock – Q3 Earnings & Review of the Top Performers

This week, several important earnings reports were released from companies outside the United States, featuring major conglomerates from China and Japan, as well as key companies from Canada and the United Kingdom.

Starting with the United Kingdom, AstraZeneca, a company that gained prominence during the Covid-19 pandemic, announced its Q3 earnings this week. The British pharmaceutical firm raised its annual sales and profit forecast for the second time this year, attributed to strong demand for its products in the cancer and rare disease markets. The earnings come as the company recently revealed major investment plans in the US, with \$2bn being spent on increasing manufacturing capacity at its plants in Maryland and Texas. Overall, the company plans to invest \$3.5bn into the US before the end of 2026. Looking at the Q3 earnings, revenues for the first nine months of 2024 are up 19%, to \$39bn. Revenues from its oncology department rose 22%, due to sales of its Enhertu and Tagrisso drugs. However, the company's shares experienced a decline, largely due to scrutiny faced by its operations in China.

Turning to Asia, some of the continent's largest corporations reported their earnings last week. In China, Tencent Holdings, one of the largest multimedia companies in the world based on revenue, recorded an 8% increase in Q3 revenues, helped predominantly by its gaming business. Revenues from domestic gaming rose by 14% during the quarter, while international revenues rose by 9%. The company also owns and operates WeChat, one of the largest messaging apps in China. In Japan, Softbank, the operator of the largest tech focused investment fund in the world, the Vision Fund, reported its largest quarterly profit in two years of \$7.7bn, driven by gains in both its tech investments and ownership of companies in China and India. Softbank is also one of the largest investors in Arm Holdings, the AI and chip manufacturer, whose IPO was one of the largest in 2023.

Finally, in Canada Shopify posted positive Q3 earnings, with revenues of \$2.16bn, an increase of 26% year over year and the sixth straight quarter of revenue growth exceeding 25%. Net income also rose by 15%, and the company anticipates that its strong sales will continue into the Christmas season. Following the earnings call, shares reached a three-year high.

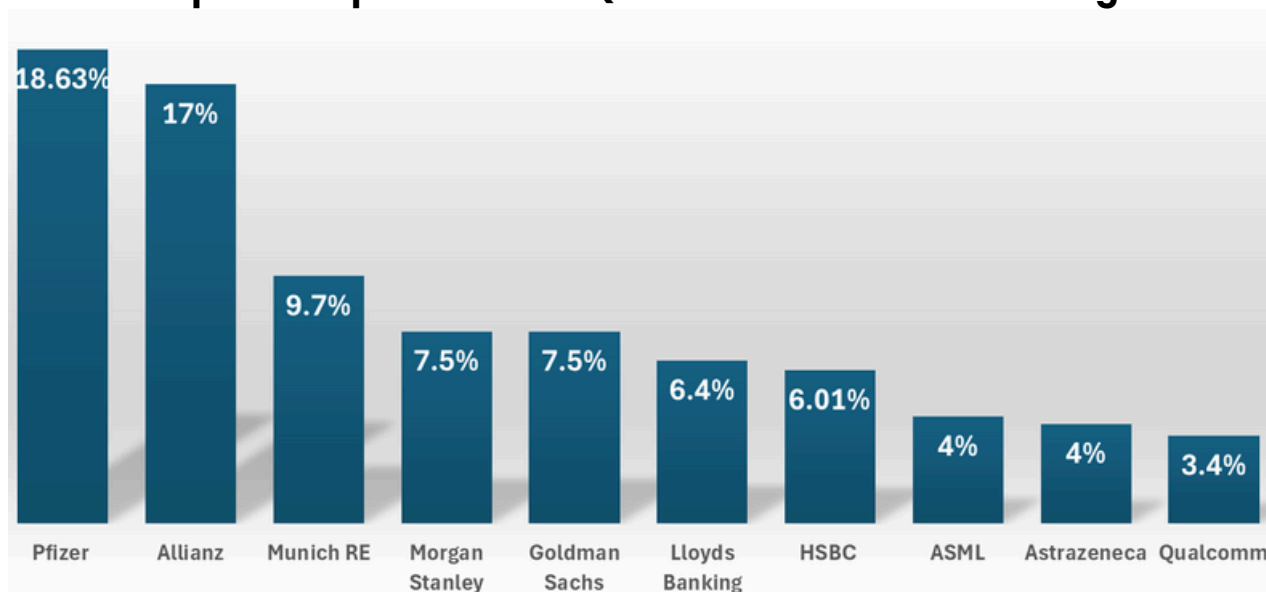
Forecast vs Actual Earnings Q3



Source: Seaspray Private

In the table below, we can see the ten best earnings from the previous quarter. Pfizer achieved the highest revenue beat, recording actual revenues that exceeded forecasts by 18%. Among the ten companies listed, six belong to the Financial sector, while two are from the Healthcare sector and two are from the Technology sector.

Top 10 best performers - Q3 Actual vs Forecast earnings



Source: Seaspray Private

While NVIDIA has yet to release its earnings report, which is anticipated to be the most closely watched among all companies this cycle, the other six members of the Magnificent 7 have reported their Q3 earnings. Only Tesla fell short of its projected earnings, while the remaining five exceeded expectations. All six companies, however, reported increases in net income and profits during Q3, which is a positive sign for both the US and global stock markets. Collectively, these six companies boast a market capitalisation exceeding 13 trillion dollars, and when including NVIDIA, that total rises to 17 trillion dollars. This figure represents nearly half of the total debt of the United States.

Mag6 Q3 Earnings - Forecast vs Actual



Source: Seaspray Private