Why Rocky Mountain Dealerships Shares Plunged

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of agriculture and construction equipment dealership network **Rocky Mountain Dealerships** (TSX: RME) sank 13% today after its quarterly results disappointed Bay Street.

So what: The stock has slumped this past summer on worries that severe flooding would weigh on business, and today's Q2 results — EPS fell 15% year-over-year on revenue growth of just 5.5% — only confirm those concerns. On the bright side, Rocky Mountain saw a $28 million sequential drop in inventory levels and an increase in year-over-year gross profit, suggesting that the operating headwinds are just short-term in nature.

Now what: Management is confident that the business fundamentals remain solid. "Our installed base and customer relationships create an annuity of equipment sales and product support revenue, which help drive dependable earnings and cash flow," said CEO Matt Campbell. "It is these strong fundamentals that continue to provide stability in our results and value to our shareholders." More important, with the stock now off about 20% from its 52-week highs and trading at a single-digit forward P/E, Mr. Market might be providing a window to buy into that bullishness.

Assembling an air-tight portfolio can be a tall order. But every seasoned investor knows this little secret: You can build your portfolio and protect it with high-yielding dividend stocks! Now, which dividend plays are the best, you ask? We found 13 of them …

To help take the guesswork out of dividend investing, The Motley Fool assembled a Special FREE Report, "13 High-Yielding Stocks to Buy Today." Just **click here now** to receive a copy at no charge!

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Fool contributor Brian Pacampara doesn’t owns shares in any of the companies mentioned. The Motley Fool does not own shares in any companies mentioned at this time.

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Date
2025/07/26
Date Created
2013/08/13
Author
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