



Why Catamaran Shares Soared Today

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 pharmacy benefits manager **Catamaran** (TSX: CCT) popped 12% today after its quarterly results impressed Bay Street.

So what: The stock had pulled back sharply in recent months on worries over slowing growth, but today's Q1 results — EPS of U.S. \$0.50 topped Bay Street estimates by U.S. \$0.06 on a revenue spike of 53% — are easing some of those concerns. In fact, Catamaran's cash flow from operations jumped 114% to U.S. \$136 million over the year-ago period, giving analysts plenty of good vibes over its growth trajectory *and* financial health going forward.

Now what: Management now sees 2014 EPS of U.S. \$2.10-2.22 on revenue of U.S. \$20-21 billion, both in line with analyst estimates. "The first quarter was a strong start to the year, highlighted by successful new client implementations representing more than \$1 billion in new revenue and solid financial results," said Chairman and CEO Mark Thierer. "The team continues to deliver on our integration efforts for Restat and Cigna, as well as our Catamaran Difference initiative."

More important, with Catamaran shares still off more than 20% from their 52-week highs and trading at a forward P/E in the mid-teens, there's still room to buy into that bullishness.

CATEGORY

1. Investing

Category

1. Investing

Date

2025/07/24

Date Created

2014/05/01

Author
bpacampara

default watermark

default watermark