

# Should You Buy Sun Life Financial Inc. Today?

## Description

**Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)), one of the world's leading financial services organizations, announced fourth-quarter earnings after the market closed on February 11 and its stock has responded by falling over 2%. Let's take a thorough look at the results to determine if we should consider using this weakness as a long-term buying opportunity, or as a warning sign to avoid the stock for the time being.

## Breaking down the fourth-quarter results

Here's a chart of Sun Life's fourth-quarter earnings compared to its results in the same period a year ago.

Metric	Q4 2014	Q4 2013
Underlying EPS from continuing operations	\$0.59	\$0.61
Adjusted revenue	\$6.13 billion	\$6.20 billion

Source: Sun Life Financial

Sun Life's diluted underlying earnings per share decreased 3.3% and its adjusted revenue decreased 1.1% compared to the fourth quarter of fiscal 2013. The company's slight decline in earnings per share can be attributed to underlying net income from continuing operations decreasing 4% to \$360 million, and its slight decline in revenue can be attributed to net premium revenue decreasing 4.4% to \$2.7 billion for the quarter.

Here's a quick breakdown of 12 other notable statistics and updates from the report compared to the year-ago period:

1. Interest and other investment income increased 6.2% to \$1.26 billion.
2. Fee income increased 12.6% to \$1.17 billion.
3. General fund assets increased 13% to \$139.42 billion.
4. Segregated fund assets increased 10.2% to \$83.94 billion.
5. Mutual funds, managed funds, and other assets under management increased 16.1% to \$511.09 billion.
6. Total assets under management (AUM) increased 14.8% to \$734.44 billion.
7. Total adjusted premiums and deposits decreased 3% to \$30.89 billion.
8. Total capital increased 6.3% to \$21.74 billion.
9. Operating return on equity (ROE) contracted 510 basis points to 12.6%.
10. Book value per share increased 11.2% to \$26.87.
11. Market capitalization increased 12.2% to \$25.7 billion.
12. Ended the quarter with \$6.82 billion in cash and cash equivalents, an increase of 10.6% from the third quarter.

Sun Life announced that it will be maintaining its quarterly dividend of \$0.36 per share, and the next payment will come on March 31 to shareholders of record at the close of business on February 25.

### **Is now the time to invest in Sun Life Financial?**

Sun Life Financial is one of the world's leading providers of financial products and services, but year-over-year declines in earnings per share and revenue in the fourth quarter has caused its stock to fall over 2%.

Even though I think the post-earnings weakness in Sun Life's stock is warranted, I also think it represents an intriguing long-term buying opportunity. I think this because the stock trades at very inexpensive valuations, including just 13.8 times fiscal 2014's earnings per share of \$2.96, only 12.3 times fiscal 2015's estimated earnings per share of \$3.32, and a mere 1.5 times its book value per share of \$26.87.

In addition, the company pays an annual dividend of \$1.44 per share, which gives its stock a bountiful 3.5% yield at current levels and makes it both a value and dividend play today.

With all of the information provided above in mind, I think Sun Life Financial represents one of the best long-term investment opportunities in the financial sector today, so Foolish investors should take a closer look and strongly consider initiating positions.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:SLF (Sun Life Financial Inc.)

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### **Date**

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