Stocks That Just Hit 52-Week Highs: Buy or Sell?

Description

Northland Power Inc. (TSX:NPI)

Northland Power is a great, diversified way for investors to gain exposure to the clean energy sector. The company has been busy getting big, capital-intensive projects up and running, specifically the offshore wind projects in Europe: Gemini and Nordsee. Things have been going extremely well; the Gemini Project is ahead of schedule and might come in under budget as well.

Once these wind projects are completed in 2017, Northland Power will see a shift in its EBITDA breakdown with offshore wind becoming the biggest contributor at over 60% of EBITDA. According to management's forecasts, the remainder of the company's EBITDA will come from thermal power at just under 20%, solar at 8%, onshore wind at 7%, and natural gas/biomass at 6%.

Other attractive qualities about this company/stock are that the payout ratio will decline significantly once the wind projects come on stream and that the current dividend yield is 5.25%; management is committed to this dividend.

Chartwell Retirement Residences (TSX:CSH.UN)

Chartwell benefits from one of the strongest secular trends that is driving the market today: the aging population. The dividend yield currently stands at 4.07%, which is down recently due to capital appreciation of the stock in the last 12 months. The stock's 12-month return is approximately 10%.

The company's latest earnings report showed that occupancy rates are still increasing and came in at 93.1% in the fourth quarter of 2015 compared to 92% in the prior quarter. Furthermore, the payout ratio (distributions as a percentage of funds from operations) was a healthy 68% compared to 73% in the same period last year. As such, management announced a 2% increase in the dividend to $0.561816 annually.

Lastly, the balance sheet continues to strengthen.

SNC-Lavalin Group Inc. (TSX:SNC)

We all know about the scandal that happened at SNC not too long ago. But let's focus on the present time and the future because if we do that, we can see that this company looks very interesting.

First off, the fact that the Liberal government has made a commitment to boost spending on infrastructure is very bullish for SNC. Trudeau's plans are to double federal infrastructure spending in the next two years and to almost double infrastructure investments to nearly $125 billion over the next decade. There will be new dedicated funding to provinces, territories, and municipalities for public transit infrastructure, social infrastructure, and green infrastructure.

The company reported better-than-expected fourth-quarter 2015 results recently as it continues to take costs out of the business and drive margins higher. Management is targeting a 7% EBITDA margin for 2017 compared to the 4.6% margin achieved in 2015.

Furthermore, we can reasonably expect an increasing backlog over the next year as this increased spending on infrastructure comes to pass.

The company recently announced that it (along with **Aecon Group**) has been awarded a $2.75 billion contract for the refurbishment of the Darlington Nuclear Generating Station in Ontario. It is a 50/50 joint venture, so this represents a $1.375 billion contract for SNC, which will be added to the company's backlog. Work is to begin in 2016, and the duration is approximately 10 years.

In closing, these stocks represents good long -erm value and are still attractive, even though they are trading at 52-week highs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:NPI (Northland Power Inc.)

Category

1. Investing

Date
2025/07/24
Date Created
2016/03/10
Author
karenjennifer