



Why Altus Group Ltd. Is up Over 15% Today

Description

Altus Group Ltd. ([TSX:AIF](#)), one of the leading providers of independent advisory services, software, and data solutions to the world's commercial real estate industry, announced its second-quarter earnings results after the market closed on Wednesday, and its stock has responded by soaring more than 15% in today's trading session. Let's break down the quarterly results and the fundamentals of its stock to determine if the rally could continue and if we should be long-term buyers today.

An incredibly strong financial performance

Here's a quick breakdown of eight of the most notable statistics from Altus's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q2 2017	Q2 2016	Change
Revenues: Altus Analytics segment	\$47.43 million	\$36.32 million	30.6%
Revenues: CRE Consulting segment	\$69.82 million	\$64.31 million	8.6%
Revenues: Geomatics segment	\$11.78 million	\$9.59 million	22.8%
Total revenues	\$128.82 million	\$109.97 million	17.1%
Adjusted EBITDA	\$24.95 million	\$18.28 million	17.1%
Adjusted EBITDA margin	19.4%	16.6%	280 basis points
Adjusted earnings	\$15.92 million	\$10.23 million	55.6%
Adjusted earnings per share (EPS)	\$0.41	\$0.28	46.4%

Can the rally continue, and should you be a buyer?

It was a phenomenal quarter overall for Altus, and it capped off an outstanding first half of the year for the company, in which its revenues increased 9.9% to \$238.02 million, its adjusted EBITDA increased 24.7% to \$38.24 million, and its adjusted EPS increased 39.1% to \$0.64. Its second-quarter results also crushed the consensus estimates of analysts polled by **Thomson Reuters**, which called for adjusted EPS of \$0.26 on revenue of \$113.44 million.

With all of this being said, I think the market has responded correctly by sending Altus's stock sharply higher, and I think it still represents an attractive investment opportunity for the long-term for two primary reasons.

First, it still trades at attractive valuations. Even after the significant rally, Altus's stock still trades at just 23.5 times fiscal 2017's estimated EPS of \$1.30 and only 19.6 times fiscal 2018's estimated EPS of \$1.56, both of which are inexpensive given its current earnings-growth rate and its estimated 17.4% long-term growth rate. I also think there is a good chance analysts will raise their EPS estimates for both 2017 and 2018 following Altus's incredibly strong performance in the first half, which would make its valuations even more attractive today.

Second, it has a great dividend. Altus currently pays a quarterly dividend of \$0.15 per share, equal to \$0.60 per share annually, which gives it a yield of about 2%. It's also important to note that it has maintained this annual dividend rate since 2011, and I think its strong financial performance could allow it to continue to do so for the foreseeable future, or allow it to announce an increase whenever its management team so chooses.

With all of the information provided above in mind, I think Foolish investors should consider initiating positions in Altus Group today with the intention of adding to those positions on any pullback in the weeks ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AIF (Altus Group Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/07/06

Date Created

2017/08/03

Author
jsolito

default watermark

default watermark