



3 Reasons to Buy Sienna Senior Living Inc.

Description

Canada's aging population and constant improvements in treating illnesses is creating a unique opportunity for senior care centres and facilities such as **Sienna Senior Living Inc.** ([TSX:SIA](#)).

Meet Sienna

The rapidly growing healthcare sector is exposing a myriad of new investment opportunities, and Sienna is at the forefront of that growth.

Sienna is one of the largest owner-operators of senior care facilities in Canada, with over 9,000 employees spread across British Columbia and Ontario in 50 different locations. The company offers both assisted living and independent choices in addition to long-term and specialized care options.

So, what makes Sienna a great investment opportunity? Here are three reasons to consider it:

The family dynamic is changing, and that is exposing a huge opportunity

People are working longer and harder than the previous generation did. Similarly, people are starting families later, and newly retired seniors are too independent to turn to their families for help. Other families are unable to help due to work commitments.

This void is an opportunity for companies like Sienna to capitalize on, which is only going to increase over the next few years. To address these needs, Sienna's portfolio of options includes alternatives to lengthy hospital stays as well as both short- and long-term accommodation options.

The segment is only going to grow

Improvements in medical treatment options are constantly evolving, and, as a result, people are living longer. Seniors are increasingly seeking out these treatments, which is contributing to growing wait lists across the country. Seniors requiring those treatments are turning to facilities such as Sienna with increasing frequency, and this is witnessed in Sienna's high occupancy rate.

Sienna is addressing this need by ramping up the amount of beds and facilities the company has. In February, Sienna acquired a new 118-bed facility in Kelowna, British Columbia, and then in June Sienna followed up with a pair of acquisitions, including a 68-bed facility in Kingston, Ontario, which the company had already been managing since 2004, and a 94-suite facility located in the Kawartha lakes region of Ontario.

Sienna's results show plenty of promise

Sienna's recent quarterly results showed a significant improvement over the same quarter last year. The company reported net income of \$6.7 million, bettering the \$642,000 loss reported last year.

Sienna saw a significant bump in operating free cash flow in the quarter, coming in at \$7.2 million — an improvement of \$2 million over the same quarter last year. An equally impressive jump was noted in the operating funds from operations figure, which came in at \$15.7 million, marking an improvement of \$4.3 million over the same quarter last year.

One of the most impressive aspects of Sienna that is often overlooked is the company dividend. Sienna offers a monthly dividend that works out to \$0.075, or \$0.90 annually, which works out to an impressive 5.25% yield.

In my opinion, Sienna remains and intriguing investment option for those investors looking to diversify their portfolios and benefit from a healthy yield. Sienna's unique position in a growing market ensures that the company will see favourable growth for years.

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