



Why Genworth MI Canada Inc. Rallied 3.21% on Wednesday

Description

Genworth MI Canada Inc. (TSX:MIC), the country's largest private residential mortgage insurer through its Genworth Financial Mortgage Insurance Company Canada subsidiary, released its fourth-quarter earnings results after the market closed on Tuesday, and its stock responded by rallying 3.21% in Wednesday'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 consider initiating long-term positions right now.

Breaking down its Q4 performance

Here's a quick breakdown of eight of the most notable financial statistics from Genworth's three-month period ended December 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Transactional premiums written	\$157 million	\$149 million	5.4%
Premiums earned	\$171 million	\$164 million	4.3%
Net income	\$132 million	\$140 million	(5.7%)
Fully diluted earnings per common share (EPS)	\$1.45	\$1.52	(4.6%)
Net operating income	\$121 million	\$105 million	17.5%
Fully diluted operating EPS	\$1.33	\$1.14	16.7%
Fully diluted book value per common share, excluding certain items	\$42.29	\$38.28	10.5%
Total assets	\$6,924 million	\$6,612 million	4.7%

Should you buy in to the rally?

It was a good quarter overall for Genworth, and it capped off a solid year for the company, in which its fully diluted operating EPS increased 20.3% to \$5.09 and its diluted net EPS increased 26.9% to \$5.76 compared with 2016. With these strong results in mind, I think the market responded correctly by sending its stock higher.

Even after the +3% pop, I think Genworth's stock represents an intriguing long-term investment opportunity, because it trades at [very attractive valuations](#), including just 7.4 times fiscal 2017's EPS of \$5.76 and a mere 1.01 times its book value of \$42.29 per share, and because it has a high and safe 4.4% dividend yield with [a track record](#) of dividend growth.

With all of the information provided above in mind, I think Foolish investors should strongly consider initiating long-term positions in Genworth MI Canada today with the intention of adding to those positions on any weakness in the near future.

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