This Healthcare Stock Is Ripe With Potential

Description

One thing that investors constantly hear is that Canada, like the rest of the western world, has an aging population. While that phrase is typically used in the context of ensuring that retirement accounts are shored up in the event that publicly funded programs are either no longer offered or just inadequate to pay the bills, there is an opportunity for investors to capitalize on today.

Healthcare stocks are set to see impressive growth in the years to come, and investors looking towards their long-term portfolio health should take into consideration some of the options that are available today.

Sienna Senior Living (TSX:SIA) is one such example of a healthcare stock that is full of potential. The changing dynamics of the family coupled with longer lifespans have created a growing population of seniors that need temporary assistance.

Take a moment and consider the opportunity this poses. In our busy lives, we're working longer hours than ever before, having kids later, and generally have little time to care for our families and aging parents. Additionally, our parents, thanks to advancements in medicine and technology, are living longer, but are also lining up to receive medical treatments that have increasing wait times. Even when seniors reach the front of the line and successfully complete their medical procedures, there is a lack of support on hand at home to cater to their needs related to their recovery.

While this falls short of the traditional view of a long-term healthcare facility, it does expose a growing segment in the marketplace for pre- and post-procedure temporary care. That segment is grossly underserved in the market right now — a fact that is backed up by the impressive occupancy rate across all of Sienna's growing network of properties that is well over 90%.

In total, Sienna is one of the largest senior housing and care providers in the nation, with a mix of high-quality and managed residences with nearly 12,000 beds across the country.

In terms of results, Sienna is due to provide results for the third fiscal quarter next month, but in the second fiscal quarter the company realized a 17.9% increase in revenue to $162.1 million when compared with the same period last year. Diluted operating funds from operations saw a 12.7%

increase in the most recent quarter, coming in at $0.372 per share. Sienna primarily attributed the gain to stronger results and lower costs.

One concern with any company that purchases large swaths of properties is debt, and in the most recent quarter Sienna registered an improvement of the company's debt to gross book value by 210 bps to 49.4% and expanded its stake in the B.C.-based Glenmore Lodge property by 16%, bringing the total interest in the development by Sienna to 77%.

One final point worth noting is Sienna's dividend. The company offers an appealing monthly distribution that underwent a hike in the most recent quarter, bringing the yield to a very attractive 5.61%.

If you're an investor looking to diversify your portfolio, Sienna is full of potential for both long-term growth and income-seeking investors.

CATEGORY

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dafxentiou