



Why I'm Buying Sienna Senior Living (TSX:SIA) Stock Today

Description

Sienna Senior Living ([TSX:SIA](#)) is a Markham-based company that provides senior living and long-term-care (LTC) services in Canada. Canada's population is rapidly aging to the point where seniors will make up more than a quarter of the total population before the midpoint of this century. In theory, that makes companies like Sienna Senior Living a very enticing investment target. Today, I want to discuss whether this stock is worth snatching up in a turbulent market. Let's jump in.

How has the stock fared in this market correction?

Shares of Sienna have dropped 14% in 2022 as of close on July 8. The stock is down 22% in the year-over-year period. Canadian stocks have battled volatility since the end of April. The Bank of Canada (BoC) has its sights set on yet another interest rate hike, which could bring about more turbulence. Now could be a great time to snatch up this dividend stock on the dip.

Should you be encouraged by Sienna Senior Living's recent earnings?

The company released its first-quarter 2022 earnings on May 12. Sienna delivered average same property occupancy growth of 90 basis points (bps) to 85.5%. Meanwhile, it posted move-in and rent deposit increases of 58% and 51%, respectively, compared to the previous year. Its LTC same-property occupancy rose by 550 bps from the prior year to 87%.

Investors should be encouraged by its expansion efforts in the first quarter of 2022. It announced that it would move forward with a previously announced acquisition for a 50% ownership interest in 11 private-pay retirement residences in Ontario and Saskatchewan. Meanwhile, it moved forward with a \$26 million acquisition of Woods Park Care Centre in Barrie, Ontario and a \$72 million joint venture acquisition of The Village at Stonebridge in Saskatoon. Better yet, it has received approvals for more than \$600 million in LTC redevelopment going forward.

On the financial front, Sienna posted revenue growth of 8.1% to \$174 million. Meanwhile, net operating income (NOI) excluding net pandemic expenses increased 1.9% to \$33.9 million. EBITDA was reported at \$47.9 million — up from \$35.9 million in the first quarter of 2021. Moreover, net income climbed \$15.9 million year over year to \$26.0 million. This was largely due to a significant pre-tax gain on the sale of two properties.

Sienna Senior Living: Is it a buy right now?

Sienna also provided outlook for the rest of 2022 in its first-quarter report. It projects improved occupancy in its retirement portfolio. Moreover, the company anticipates that LTC demand will move to meet its reinstated targets, as the pandemic no longer serves to limit its growth.

Shares of Sienna last possessed a price-to-earnings ratio of 24. That puts the stock in favourable value territory compared to its industry peers. This dividend stock currently offers a monthly distribution of \$0.078 per share. That represents a [monster 7.1% yield](#). I'm looking to snatch up Sienna, as it is positioned for improved earnings in the quarters to come. Better yet, it boasts solid value and a meaty dividend.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:SIA (Sienna Senior Living Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Investing

Date

2025/08/17

Date Created

2022/07/11

Author

aocallaghan

default watermark

default watermark