



Why Kinder Morgan Canada (TSX:KML), Bausch Health (TSX:BHC), and Ceridian HCM (TSX:CDAY) Raced Ahead on the TSX Wednesday

Description

The markets had a good day Wednesday, as the TSX gained 0.59%, the S&P 500 was up 0.82%, and the Dow gained 0.93%.

Investors continue to debate where interest rates are headed. The minutes from the most recent meeting of the Federal Reserve suggest even they're not so sure.

Despite the lack of confidence from investors, these three stocks raced ahead on the TSX Wednesday.

Kinder Morgan Canada

Kinder Morgan Canada (TSX:KML) jumped 32% Wednesday on the \$4.3 billion takeover offer from **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)).

Under the terms of the deal, Pembina will pay 0.3068 of one of its shares for each share of Kinder Morgan Canada. That's approximately \$15.02 per KML share. In addition, Pembina will pay \$2.1 billion for the 2,900-kilometre Cochin pipeline that runs from Fort Saskatchewan, Alberta, to Riga, Michigan.

Kinder Morgan, which owns 70% of Kinder Morgan Canada, will get a stake in Pembina worth \$1.2 billion.

Pembina wouldn't have done the deal if the U.S. portion of the Cochin pipeline wasn't included in the purchase.

"I suspect Pembina was pretty adamant that they do include that and eventually there was enough pressure in the process," Raymond James analyst Chris Cox said. "The valuation seems fair; they are definitely good assets."

With Pembina one of the few producers winning on the markets in 2019, the latest news ought to be good for the long-term trajectory of its stock.

Bausch Health

Bausch Health ([TSX:BHC](#))([NYSE:BHC](#)) gained 5.4% on Wednesday closing out trading at \$29.83, up 18% year to date through August 21.

Although there wasn't any news that would have moved Bausch stock by more than 5% on Wednesday, it's probably still basking in the glow of strong second-quarter results and increased guidance for the remainder of fiscal 2019.

"Our strong second-quarter results demonstrate that our team's efforts to pivot to offence continue to gain traction," CEO Joseph Papa said on a conference call August 6.

The company expects to generate at least US\$8.4 billion in revenue in 2019 along with US\$3.4 billion in adjusted EBITDA.

Since Papa took over in 2016, the company has focused on reducing its debt while concentrating on growing its "significant seven," which includes its optical products and treatments for glaucoma and bloodshot eyes.

Ceridian HCM

Ceridian HCM (TSX:CDAY)([NYSE:CDAY](#)) saw its shares rise 4.3% Wednesday to \$75.35.

Like Bausch Health, Ceridian's move had less to do with specific news and more to do with its second-quarter earnings report from July 30.

The company's Dayforce cloud-based human capital management software continues to capture the interest of more and more businesses around the world. In the second quarter, Dayforce's revenue grew 27.1% to US\$134.5 million. Its Dayforce recurring revenue grew even more impressively, growing by 32.1% year over year excluding currency.

As a result of its strong start to the fiscal year, the company expects Dayforce to grow revenues by between 29% and 31% in the second half of the year.

Ceridian's stock will continue to ride the success of Dayforce. Until its growth slows, expect more impressive quarterly reports in the future.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. NYSE:CDAY (Ceridian HCM Holding Inc.)

3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BHC (Bausch Health Companies Inc.)
5. TSX:DAY (Dayforce)
6. TSX:PPL (Pembina Pipeline Corporation)

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