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Update: LifePoint Hospitals Earnings - Shares Soar 7%

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Summary

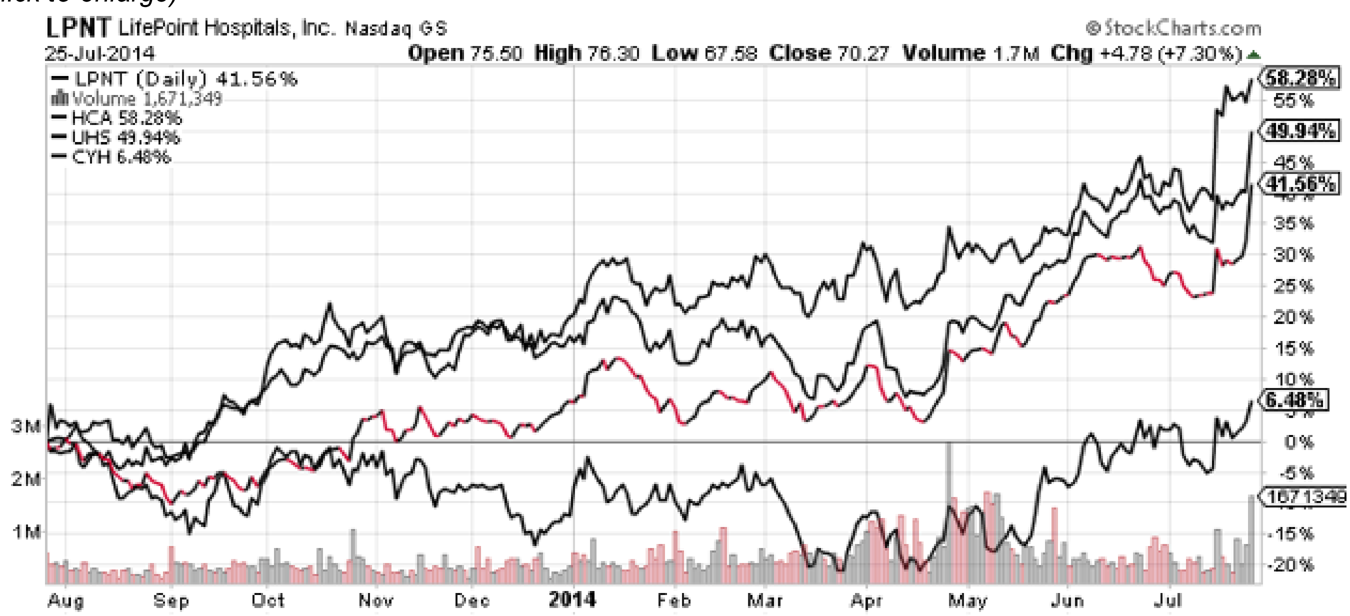
- Earnings beat Wall Street's expectations by 50%. But the real driver was a boost in guidance for full year 2014.
- We expected higher earnings but the company's acquisition strategy has taken the company above and beyond where we'd planned.
- This reaffirms our long-term buy rating on the stock as it still has a top notch balance sheet and room for expansion.

LifePoint Hospitals (NASDAQ:LPNT) released earnings that blew through consensus, beating by over 50%. This comes as operating income and net income were both up over 40% year over year. Since we covered LifePoint back in July of last year, shares are up nearly 50%, having blown through our $54 fair value estimate.

The big news driving the stock higher was increased 2014 guidance. The company expects to bring in $4.25 billion to $4.35 billion in revenue, and generate $2.99 to $3.19 a share in earnings. Previous 2014 EPS consensus was $2.76.

We noted in July that the company's impressive balance sheet and commitment to M&A. It's stuck true to this strategy and still has opportunities to expand in the Northeast. It's managed to outperform all its major peers over the last year.

(click to enlarge)



As the company noted in its press release, driving the Q2 performance and Q3 increased guidance was the strength from its recent acquisitions and ability to benefits from the expanded coverage thanks to healthcare reform.