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STREETAUTHORITY

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Long-Term Swine Flu Play With +157% Dividend Growth

-- By Amy Calistri

By the time it dominated the headlines, it was already too late to contain the outbreak of swine flu. Originating in Mexico, cases have already been confirmed in the U.S., Britain, Spain, Canada, Israel and New Zealand. South Korea, Australia, Sweden and Switzerland have suspected swine flu victims under surveillance, awaiting confirmation.

And since investors seize any opportunity -- even one that comes on the heels of a potential pandemic -- swine flu-related investments were already in play by Monday morning. But sometimes investors think short term. So while the obvious plays have had their day, investors still have chance to capitalize on swine flu's long-term benefits to this solid dividend paying company.
(Full Story Below)

Long-Term Swine Flu Play With +157% Dividend Growth

Once a major story breaks, it doesn't take the market long to identify the immediate winners and losers. So I wasn't surprised to see companies effected by the news of the swine flu outbreak move double-digits within the first few minutes of trading on Monday morning. But I was a little surprised that some of the longer-term beneficiaries had largely been ignored.

The Losers

Anything to do with Mexican travel and tourism were logical losers. Grupo Aeroportuario del Pacifico (NYSE: PAC) operates 12 airports in Mexico's tourist-oriented Pacific region; its shares lost -15.1% on Monday. Cruise lines that feature Mexican destinations like Carnival (NYSE; CCL) and Royal Caribbean (NYSE: RCL) also saw their share prices fall.

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But just as the flu isn't isolated to Mexico, neither were the losers. All travel and tourist-related companies had a tough time. Houston-based Continental Airlines (NYSE: CAL) lost -16.4%. And on average, casino companies posted double-digit losses for the day.

The Short-Term Winners

Currently there is no vaccine for swine flu, but antiviral medications have proven to be effective treatments. Predictably, the makers of the antiviral medications used to treat swine flu were up; Roche Holding AG produces TAMIFLU while GlaxoSmithKline (NYSE: GSK) manufactures Relenza. Even the shares of Gilead Sciences (Nasdaq: GILD), which gets a percentage of Roche's Tamiflu sales were up.

Quidel (Nasdaq: QDEL) is one of the companies that manufactures diagnostic kits for swine flu. The company's stock exploded on Monday. And tiny Alpha Pro Tech (AMEX: APT), with a market cap of just $41m, saw its share price climb +31.6% on Monday. The company makes disposable protective apparel and infection control products.

One interesting beneficiary was Netflix (Nasdaq: NFLX). Speculating that people would rather stay at home to watch a movie, rather than risk mingling in public theaters, NFLX stock was up +8.5% on the day.

Thinking Longer-Term

As much as it is on our minds today, this tragic swine flu outbreak will eventually be contained. Our collective hope is for that to happen as quickly as possible and with minimal lost of life. When it's run its course, the vast majority of us will put it behind us. Sales of medications will drop off. Diagnostic kits will sit on the shelves. And the temporary boost to most companies will be over.

But for some companies, this outbreak will have consequential benefits to their long-term growth; companies that produce vaccines.

As governments around the world now scramble to ensure there are adequate supplies of antiviral medications, each and every one of them is wishing they had a vaccine to better protect their populations instead. And they will -- and probably in the very near future.

On Monday, I thought about one company in particular. It already makes regular flu vaccines and is poised to turn around a swine flu vaccine. I thought of the company because I had recently read a profile about it in StreetAuthority newsletter, *High-Yield International* -- just weeks before the outbreak.

This company was *High-Yield International's* April "High-Yield Security of the Month." It's a company with a solid track record and an equally solid dividend yield of 5.8%. It also has consistently grown its dividend over the last five years -- by +157%.

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