



5 Stocks That Just Won't Quit

By Rich Smith
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"The bigger they are, the harder they fall. It's the worst nightmare of every investor in today's market -- buying a hot stock just before it takes a nosedive."

So goes the thesis of my weekly Fool.com column "[Get Ready for the Fall](#)." Therein, I run the 52-week highs compiled on Nasdaq.com through the "wisdom of crowds" meter that we call [Motley Fool CAPS](#). And out the other end comes a list of stocks that have flown *so* high, investors are starting to get nervous about this "gravity thing."

But it's an undeniable -- and often glorious -- fact of investing life that some stocks seem immune to gravity. Rising for one year, they fail to fall back to Earth. Instead, they soar for a second year, and then a third. By year four, you're beginning to wonder whether you've stumbled upon a [megatrend](#), and by year five, you're certain of it.

And so it is that today we're going to take our next logical step. Moving on from stocks that have hit 52-week highs, we'll identify for you the companies that are entering their second half-decade of outperformance. Which of these will go on to thrash the market averages for another five years? Here are this week's leading contenders:

	Recent Price	CAPS Rating (5 max):	Bull Factor
K-Tron International (Nasdaq: KTII)	\$115.93	*****	98%
Ebix Inc (Nasdaq: EBIX)	\$79.34	*****	97
Chart Industries (Nasdaq: GTLS)	\$49.20	*****	96
Exactech	\$28.00	*****	95

Companies are selected from the "New 5-Year Highs" list published on MSN Money on Thursday. CAPS ratings from [Motley Fool CAPS](#).

Everybody loves a winner

Four of the five stocks listed above receive perfect five-star ratings from CAPS players. And yet, I apologize, but I just cannot help myself -- I have to find out just what "[American Ecology](#)" is all about. So today I'll be profiling our lone four-star. Without further ado, here's what Fools have to say about it:

The bull case for American Ecology

- [lulamae12](#) introduces us to the company as a provider of: "radioactive, hazardous and industrial waste management services to commercial and government entities. [ECOL](#) is positioned to be in the [GREEN Business](#), from the standpoints of the government, ecologists, and people wanting to make money with stocks. It has lots of room for expansion and growth in all areas."
- As CAPS All-Star [HighHopesInSD](#) pointed out in March: "Trash is something that is always made, (especially here in America, with our 'disposable society'), and not too many people are set up to dispose of radioactive or hazardous waste, so they should have good revenue going forward. Also, there is a lot of talk about building more [nuke plants](#) here in the U.S., (for the first time in like 30 years), due to the high price of oil, so [ECOL](#)'s client base could be growing."
- So American Ecology plays to a macro economic trend. That's a nice start -- but how do its numbers look? Fellow CAPS All-Star [igpbanker](#) educates us on that point: "This company has [set records](#) for income and disposal quantities already this year. Net income for first quarter 2008 was up 19% and operating income was up 20% over the same period in 2007. While incomes are up 'SG&A' expenses remain flat at 9%. The company appears to have good cash position and little or no debt. They show a decent ROE and annual return."

Now admittedly, 26 times trailing earnings looks like a lot to pay for a trash collector -- even if the trash in question is a bit more exotic than what's found in your run-of-the-mill trash can. But consider: American Ecology's P/E may be higher than those of the nation's Big Three trash collectors -- **Waste Management** (NYSE: [WMI](#)), **Allied Waste** (NYSE: [AW](#)), and **Republic Services** (NYSE: [RSG](#)) -- but AE offers significant advantages that seem to justify the price.

For one thing, analysts expect AE to grow nearly twice as fast (20% per year) as its better-known-if-more-mundane rivals. For another, AE sports profit margins (12% net margin) higher than any of its rivals.

While I wouldn't mind seeing the company generate just a skosh more [free cash flow](#) than it currently does, capital expenditures appear to be moderating even as cash flow continues to rise. If that trend continues, I see no reason for this stock to quit rising.

Time to chime in

Of course, the aim of this column isn't just to tell you what *I* think about American Ecology, or what other CAPS players are saying. We want to hear *your* thoughts. Head on over to Motley Fool CAPS, and [tell us what you think](#).