



AltaGas Expands its Footprint

Description

One of this Fool's [favourite Canadian energy companies](#), is getting bigger, and better.

AltaGas ([TSX:ALA](#)) is acquiring a 25% stake in Petrogas Energy Corp., a privately held North American midstream company. To “pay” for this deal, AltaGas is issuing 2.8 million shares and an undisclosed amount of cash. In addition, AltaGas has the option to acquire an additional 25% of Petrogas later this year.

One of the things that I like most about AltaGas is the company's savvy management team. And when your stock is trading at a P/E in the upper-30's, it's awfully savvy to use it as currency and make an acquisition that improves the long-term prospects of your business.

The strategic fit here appears near perfect as Petrogas owns and operates midstream facilities in Canada and the U.S. that line-up very nicely with AltaGas' current footprint. Its collection of facilities, as well as its fleet of rail cars and trucking capabilities will allow the combined entity to more effectively move natural gas liquids and oil throughout the continent.

The Foolish Bottom Line

With its stable of natural gas, power and regulated utilities, AltaGas has the potential to earn shareholders a lot of money over the long-term. This possibility however comes at a price, as indicated by the rather lofty valuation that is currently ascribed to the shares.

Even though AltaGas is a company that earns high praise from this Fool, it wasn't good enough to make the cut in our special **FREE** report “**5 Companies to Replace Your Canadian Index Fund**”. [Click here now](#) to learn about which companies did make the grade. One of which, just got taken out at a huge premium. To learn about the other 4, [click here now](#).

The Motley Fool's purpose is to help the world invest, better. [Click here now](#) for your free subscription to **Take Stock**, The Motley Fool Canada's free investing newsletter. Packed with stock ideas and investing advice, it is essential reading for anyone looking to build and grow their wealth in the years ahead.

[Follow us on Twitter](#) and [Facebook](#) for the latest in Foolish investing.

Fool contributor Iain Butler doesn't own shares in any companies mentioned. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)

Category

1. Investing

Date

2025/08/24

Date Created

2013/09/13

Author

tmfohcanada

default watermark

default watermark