



Are You Following This Promising Energy Company?

Description

Most investors tend to gravitate to oil and gas companies that either extract, refine, or transport their goods such as **Husky Energy** (TSX: HSE) or **TransCanada** (TSX: TRP)(NYSE: TRP), while overlooking the companies that deliver the oil, gas, and propane to the end users. Earlier, [I reviewed Parkland Fuels](#) (TSX: PKI); in this article, let's take a look at its main Canadian competitor.

One company, many subsidiaries

Much like Parkland, **Superior Plus** (TSX: SPB) is a well-diversified consumer-direct energy company. Its main business continues to be in the distribution of propane, heating oil, and other refined fuels throughout Canada and the Eastern U.S. Tracing its propane distribution roots all the way back to 1951, it is the nation's largest distributor of propane, related services and accessories. Superior Plus also provides natural gas and electricity services to 70,000 homes in BC, Ontario, and Quebec through its energy services division.

Superior Plus' second division is its specialty chemicals line which operates as ERCO Worldwide. A company originally founded in 1897 produces products such as sodium hydroxide, hydrochloric acid and sodium chloralkali for the pulp and paper industry. This division has nine production facilities spread over Canada, Chile, and the U.S.

Superior Plus' final division is its construction products arm, which it operates under the Winroc and Specialty Products & Insulation banners. Distributing insulation, wall and ceiling products through 116 distribution centers, and producing product in 15 fabrication facilities.

Are the company's books superior or sub-par?

Superior Plus released its first quarter results just over a week ago and revenues have increased to \$1.2 billion up from \$1 billion in Q1 2013. EBITDA also took a modest bump to \$106 million, from \$105 million a year before. EBITDA just from its energy services division took a more noticeable leap to \$72.2 million from \$67.8 million in Q1 2013.

A part of this boosted EBITDA came from better margins in propane sales, which were \$0.199 per liter

up from \$0.18 per liter previously. Add these higher margins with a 6% increase in propane sales and it turned out to be a good quarter for Superior Plus' energy services division.

The company's stock closed Tuesday at \$13.34, with a 52-week range of \$10.30 to \$13.86. The stock has an average price target of \$14.80, and offers an annual dividend of \$0.60 with a yield of 4.5%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:PKI (Parkland Fuel Corporation)
2. TSX:SPB (Superior Plus Corp.)
3. TSX:TRP (TC Energy Corporation)

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Author

cameronconway

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