



Get Rich Investing in Canada's Most-Hated Companies

Description

In this age of social media and corporate responsibility, many companies try their hardest to be liked by their customers. Most of Canada's corporate giants make it a habit to give back to their communities.

But no matter how much they try, some of these companies just can't shake their crummy images.

For many of these businesses, it's just not their fault. They'll never be well liked. Nobody enjoys paying their phone bill or bank fees. And these continue to go up each year, no matter what happens with the overall economy. It's easy to see why this would frustrate consumers.

I firmly believe these people are looking at life wrong. If a utility is really ripping you off, it must be a great business to own. Being able to legally rip people off seems almost like a license to print money.

Here are three hated companies that every frustrated consumer should consider owning.

Altagas

Every month, when I get my natural gas bill, I cringe. During the summer I pay more in distribution charges than I'm paying to heat my house. What a racket.

I hate paying, but would I give up natural gas? Not a chance. I like being warm in the winter and taking hot showers.

Altagas Inc. ([TSX:ALA](#)) provides natural gas to more than 600,000 customers in Alberta, British Columbia, Ontario, Nova Scotia, and Alaska. It also owns power plants across North America and natural gas pipelines for the energy sector. The utility businesses account for about 80% of earnings with the midstream division contributing the last 20%.

Perhaps the most attractive feature of Altagas is the company's terrific dividend. It pays investors 17.5 cents per share each month, which is good enough for a 6.5% yield. It has also grown dividends substantially as well; in 2011, it paid \$1.33 per share to investors. In 2016, it'll pay more than \$2 per share.

Rogers Communications

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)) constantly makes it into the news, especially after it charges some unsuspecting customer hundreds of dollars in roaming fees.

Nobody likes paying their cell phone bill. We all want more data and to pay less for it. And while we're at it, we expect Rogers to give us more cable channels too, darn it. (400 channels and I don't want to watch any of them.)

Each year, the company does the exact opposite. It increases the price for internet and cable for millions of subscribers. And it knows that you'll grow tired of your smartphone and have to sign up for a new one, which includes a new contract, likely at a higher price.

Like Altagas, Rogers pays an attractive dividend, although it only yields 3.7%.

Just Energy

I saved the most hated for last. After all, Altagas or Rogers don't knock on your door during dinnertime.

Just Energy Group Inc. ([TSX:JE](#))([NYSE:JE](#)) reps do—something I can attest from personal experience. The person who showed up at my door even ignored my “no solicitors” sign.

But there are things to like about the company. Most revenue comes from commercial customers, who really appreciate Just Energy's fixed-rate electricity and natural gas plans. It is doing a nice job expanding in the U.S., and in the U.K. total revenue has grown from \$2.7 billion in 2011 to \$4.1 billion in 2016.

Although the company has cut its dividend before—twice, in fact—today's 7% payout sure looks to be sustainable. Over the last 12 months, it has posted \$0.95 per share in free cash flow while paying \$0.50 per share in dividends. Not only is that a very manageable payout ratio, but it also puts the company at just 7.5 times free cash flow, one of the cheapest valuations in today's market.

The bottom line

It may feel a little dirty to invest in a company everyone hates, but there's a reason why so many investors love utilities. Even if your customers hate you, they'll still pay. I can't think of a business much better than that.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:RCI.B (Rogers Communications Inc.)

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Date

2025/07/07

Date Created

2016/11/18

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