



Attention Investors: AutoCanada Inc. Gets More Good News

Description

AutoCanada Inc. ([TSX:ACQ](#)) is having a good autumn. The company produced solid third quarter [results](#) in November with a revenue increase of 10.8%. Motley Fool contributor Ambrose O'Callaghan even [selected](#) AutoCanada as his top stock for November. So what's the latest piece of good news for the company? A couple of new agreements.

Agreements with GM and CanadaOne Auto Group

Just after market close on December 7th, AutoCanada announced two deals. The first concerns **General Motors Company** ([NYSE:GM](#)). The two companies have entered into an agreement that allows AutoCanada to have direct ownership and control of GM's car dealerships.

The second and related deal is with CanadaOne Auto Group. This one allows AutoCanada Inc. to take over control of five GM dealerships in which it has a majority equity stake but no voting rights. CanadaOne will in turn buy AutoCanada's interest in four other dealerships in which AutoCanada currently has a majority stake. AutoCanada gets a one-time payment of \$23 million from CanadaOne as part of the deal.

What else has the stock been up to?

The deals remain the only significant piece of news about the stock since the company announced its quarterly results in November. Over the last year, the stock's price has ranged from \$17.46 to \$27.90. The stock currently sits about three dollars off that high right now, so the stock is not on sale. The P/E ratio sits at 12.05, so the stock isn't ridiculously priced compared to earnings.

[Profits](#) haven't look so hot since 2016, which is a concern. The stock missed earnings expectations in the last quarter of 2016 and first quarter of 2017, but it did rebound over the last two quarters. For its second quarter 2017, AutoCanada beat expectations by \$0.07, coming in at \$0.57 per share, and it met expectations with its EPS of \$0.50 for the most recent third quarter.

If you are interested in dividends, the stock has an annual payout of \$0.40 per share for a yield of 1.70%.

Investor takeaway

The eroding profits over the past year should concern potential investors, although the last two quarters produced more encouraging results. We will see how the new deals affect the company's bottom line over the coming quarters.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GM (General Motors Company)
2. TSX:ACQ (AutoCanada Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/06/29

Date Created

2017/12/11

Author

sportelance

default watermark

default watermark