

This 9.5% Yield Stock Is the Gift That Just Keeps on Giving! Perfect for Your RRSP

Description

It was another quarter of strong growth for **Crius Energy Trust** (TSX:KWH.UN), as the company reported a 21.2% increase in sales over the third quarter of 2016, driven by increased revenues associated with the company's acquisition of U.S. Gas & Electric, Inc (USGE).

Crius is a diversified energy company that markets and sells electricity and natural gas solutions across 19 states in the U.S. It also has a burgeoning solar energy business, which, while only a small part of the company's business today, could play a much larger role in years to come.

Gains from the USGE acquisition were more than enough to offset a decline in profits in the third quarter that resulted from an unusually mild summer season in 2017.

As the company benefits from increased energy consumption, profits tend to be higher in the summer when homes are using air conditioning, with natural gas consumption being higher in winters — particularly those chillier than usual.

With the summer having been a little less eventful, Crius experienced a slight drop in its gross margin from 21.5% in the third quarter of 2016 to 20.4% in the most recent quarter ended September 30.

Despite the recent slump in profits, management at Crius expects the USGE acquisition to benefit margins substantially, as the acquired company's direct-to-consumer natural gas business carries with it higher profits per dollar generated compared to Crius's legacy business.

Management expects the acquisition to generate after-tax synergies of \$55-60 million over the next three years, including a one-time after-tax benefit estimated at \$18 million, as Crius will use the past year's operating loss of the acquired company to offset taxable income over the next two years.

The idea behind the latest acquisition is to broaden and expand the company's go-to-market strategy.

The USGE acquisition as well as the company's acquisition of Big Sky Gas Holdings (completed in July last year) bring with them valuable resources and expertise that will help give Crius a greater ability to reach consumers directly and hopefully broaden the scope of the product offerings it can sell.

And Crius is hoping that it can use this go-to-market strategy towards the continued roll-out of its solar energy business.

Right now, the solar business only accounts for a little more than 1% of total sales.

But while Crius installed 30 of its solar units during the quarter, it made sales for another 197 units, so the company is building momentum with a strong backlog in place.

But that's not even the best thing about it...

Crius obviously has a bright future, adding 418,000 customers in the quarter to bring its total to more than 1.4 million.

But the best thing about this company is the monthly distribution, which is currently sitting at \$0.0697 following a 2% increase in January. January's dividend hike was actually the fifth increase in the past 12 months.

So, on the one hand, you're getting a growing company that has consistently been making increases to its payout. On the other hand, the shares today yield a very impressive 9.5%.

And despite what you may be thinking, Crius Energy Trust's payout remains at a conservative 60%, meaning there is no reason to believe the company will slow down the pace of increases any time soon.

It really is the best of both worlds — and a combination that should make Fools think very carefully of whether shares in Crius Energy Trust would make a worthy addition to their RRSP or TFSA.

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