



## This Company Is 1 Addition Your Portfolio Really Needs in 2018

### Description

Every so often, an incredible investment opportunity emerges that warrants a closer look by investors.

One such opportunity currently exists with **Exchange Income Corporation** ([TSX:EIF](#)), which has, surprisingly, escaped the radars of most investors.

### Meet Exchange Income Corporation

Winnipeg-based Exchange Income Corp. is a well-diversified, [acquisition-focused company](#) that has interests spread across two main sectors: aviation and manufacturing.

On the aviation side, the company owns a slew of regional airlines and aviation services companies. Many of those subsidiaries cater to remote areas of the country, such as Keewatin Air, which provide medevac services from Nunavut and the northern sections of Manitoba to Winnipeg. Some of the other subsidiaries in the sector include Calm Air International and Bearskin Lake Air Service.

The remote nature of the subsidiaries is of no coincidence. In determining acquisition targets, Exchange Income Corp. has developed an art of identifying companies that are already profitable and generating cash flow, but that operate in niche markets while still having opportunities for growth.

Turning to the manufacturing side of the business, Exchange Income Corp. owns a variety of manufacturing subsidiaries that cater to wide array of segments and product lines, such as the WestTower subsidiary, which specializes in the manufacturing of communications infrastructure. Another subsidiary, Stainless, manufactures stainless steel tanks and processing equipment, and Ben Machine manufactures precision components and parts that are used in the aerospace and defence industries.

In short, Exchange Income Corp. has a portfolio of over one dozen subsidiaries, rendering the company a well-diversified investment option, with the split between the Aviation and Manufacturing segments coming in at 75/25.

## What about results?

In terms of financial results, Exchange Income Corp. announced results for the first fiscal of 2018 earlier this month that were nothing short of impressive. Company CEO Mike Pyle set the bar high for expectations: "Q1 was one of the most significant and successful quarters in the company's history."

In the most recent quarter, Exchange Income Corp. announced net earnings of \$8.6 million, or \$0.27 per adjusted share, representing an impressive 55% improvement over the same quarter last year. EBITDA saw an equally impressive improvement of 25%, coming in at \$54 million for the quarter. Revenue for the company topped out at \$266 million, registering a 20% hike over the same period last year.

Impressively, that stellar quarter was not attributed to any one subsidiary alone, but rather to multiple subsidiaries that registered strong growth in the quarter.

## Exchange Income Corp. offers a great dividend too

In addition to being a well-diversified, strong business, Exchange Income Corp. offers investors a very lucrative monthly dividend. The current dividend provides a very impressive yield of 6.23% and was last hiked earlier this year by 4%.

The payout level is based both on adjusted net earnings as well as free cash flow in the trailing 12-month period, which translates into a healthy payout level of between 69% and 77% based on either of the two models, which makes the company not only a compelling growth play for investors, but also a [great monthly income-producing stock](#).

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## Date

2025/08/25

## Date Created

2018/05/23

## Author

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