



Cheap Value Stock Alert: 1 Stable Business to Buy Today

Description

Algoma Central ([TSX:ALC](#)) owns and operates the [largest fleet of dry and liquid bulk carriers](#) operating on the Great Lakes-St. Lawrence Waterway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns ocean-going self-unloading dry-bulk vessels operating in international markets and a 50% interest in several global joint ventures, which include a diversified portfolio of dry-bulk fleets operating internationally.

In addition to the company's owned vessels, Algoma also provides [operational management](#) for four vessels. The company's executive offices are located in St. Catharines, Ontario. Algoma employs approximately 1,600 people globally with assets of \$1.2 billion and annual revenues of \$545 million.

Diverse business segments

The company's largest segment is the domestic dry-bulk segment, which includes the company's Canadian dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including iron and steel producers, aggregate producers, cement and building material producers, salt producers and agricultural product distributors. Algoma's customer base includes leading organizations in each market sector, and its service relationships are typically long term in nature.

The company's product tanker fleet provides safe and reliable transportation of liquid petroleum products throughout the Great Lakes, St. Lawrence Waterway and Atlantic Canada regions. This business unit consists of eight product tankers employed in Canadian flag service. Domestic customers include major oil refiners, leading wholesale distributors and large consumers of petroleum products who demand the highest levels of quality and service.

The investment properties segment consists of a shopping centre located in Sault Ste. Marie, Ontario. The corporate segment consists of the company's head office expenditures, third-party management services and other administrative functions of Algoma.

Value-added services

The principal services provided by the company include domestic dry-bulk consisting of Canadian flagged dry-bulk vessels and ship management services. The dry-bulk vessels operate within the Great Lakes, St. Lawrence Waterway, and Atlantic Canada. The vessels are designed to carry a variety of dry-bulk products including iron ore, grain, coal and coke, salt and aggregates. Product tankers consist of Canadian flagged vessels which operate within Atlantic Canada. Customers include major oil refiners, leading wholesale distributors and large consumers of petroleum products.

Ocean self-unloaders consist of direct ownership of dry-bulk, self-unloading vessels and interests in other self-unloaders that trade worldwide. Global short sea shipping consists of three global fleets; a fleet of specialized cement carriers, a fleet of short sea mini bulkers and a fleet of bulkers. In addition to these principal businesses, the company owns a shopping centre located in Sault Ste. Marie, Ontario.

Seasonality

The nature of the company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other quarters of the year. Due to the closing of the canal system and the winter weather conditions on the waterway, the majority of the domestic dry-bulk fleet does not operate for most of the first quarter.

The company has interests which carry on most operations in foreign jurisdictions. This geographical diversification combined with the stock's inexpensive valuation should serve long-term shareholders well.

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