

## OGIB BULLETIN #171 —JUNE 12, 2015

### COMPANY ANALYSIS CRIUS ENERGY TRUST (KWH.UN-TSX; CRIUF-PINK)

I've been very cautious so far in 2015 choosing to sit on my cash, or take very small positions in the leading junior producers.

There may be a time to get really long oil, but I'm not there yet.

**Crius Energy Trust** is the best opportunity I've come across this year and I'm pouncing on it. In fact, I'm pretty sure this is my single largest portfolio purchase in dollar value in the history of OGIB—\$400,000.

Crius is a Canadian listed pubco that owns a 26.8% stake in Crius Energy LLC which is the operating company—and does ALL its business (meaning USD revenue) in the US. Despite its minority ownership stake, Crius Energy Trust has control over the LLC's Board of Directors. (This should really be a NASDAQ-listed stock.)

Crius sells electricity and natural gas to over 780,000 residential, commercial and municipal customers—and a very profitable solar business that is just starting.

The reason I'm buying the stock—after reading all the sell side research and interviewing the CEO directly—is that the Crius has two new industry leading partners that greatly increase their scale, and a new product (solar) that is incredibly high margin, and long life revenue.

I see EBITDA rising quickly--possibly even doubling in 2-3 years, and the higher margin, longer term revenue of solar taking the yield from 10% (70 cents a year) to 5% in the coming 2-4 quarters. Yield compression=higher stock price. Doubling EBITDA=higher stock price. Win-Win.

Now to be clear, being an energy retailer is not a risk free business--and that's why there is 10% yield on this stock. Besides customer churn, big swings in weather can have a big impact on natural gas prices--which means that these risks need to

be carefully hedged off in the derivatives market.

This company got caught badly offside on energy prices during Polar Vortex I in Feb-Apr 2014. They lost money and customers and the stock tanked to just over \$3. It IPO'd at \$10 in 2012.

Since then they have developed a very active hedging program that almost eliminates that kind of risk (there is a derivative now for EVERYTHING—kinda scary, best not to think about it). They recruited some top talent, including Christian McArthur from competitor **Just Energy (JE-TSX)**, who is responsible for their hedging program.

He is obviously very good at his job, as Crius just made it through Polar Vortex II (Feb-Apr 2015) with flying colours (huge jump in EBITDA YoY). The Market bid the stock back up to \$8. Organic customer growth is increasing again after being flat to slightly down for just over a year (another reason for the high yield).

And of course deals with major energy leaders like Comcast and SolarCity really help. These truly are the leaders in America in their respective industries. That is very very impressive that Fallquist and his team could pull that off--particularly for small-cap, bordering on micro-cap company.

## QUICK FACTS

Trading Symbols:	KWH.UN-TSX; CRIUF-PINK
Share Price Today:	\$7.91
Basic Units Outstanding:	15.8 million
Market Cap:	\$124.97 million
Enterprise Value (EV):	\$126.97 million (share of LLC debt)
TTM EBITA (42% of Crius LLC):	\$23.9 million
EV / TTM EBITA (2014):	5.31 times
EV / EBITA (2015):	3.88 times
Annual Dividend (paid monthly):	\$0.70 (8.8%)

<http://www.criusenergytrust.ca/for-investors/default.aspx>

## **POSITIVES**

- Focusing on a large and underexploited market
- New partnership with Comcast could create significant growth
- TriEagle acquisition provides foothold in Texas which is a huge market
- High growth, high margin solar opportunity
- Opportunity to consolidate smaller players
- Large dividend, current yield is nearly 8.4%
- Trading at roughly half EV/EBITDA as comparables

## **NEGATIVES**

- Managing weather induced volatility is critical and complicated
- Nature of the business involves high rate of customer churn
- Strategic partnerships are critical and have to be maintained
- liquidity can be thin; shares don't trade much

## **THE BUSINESS**

Crius Energy Trust was established as a trust on September 7, 2012.

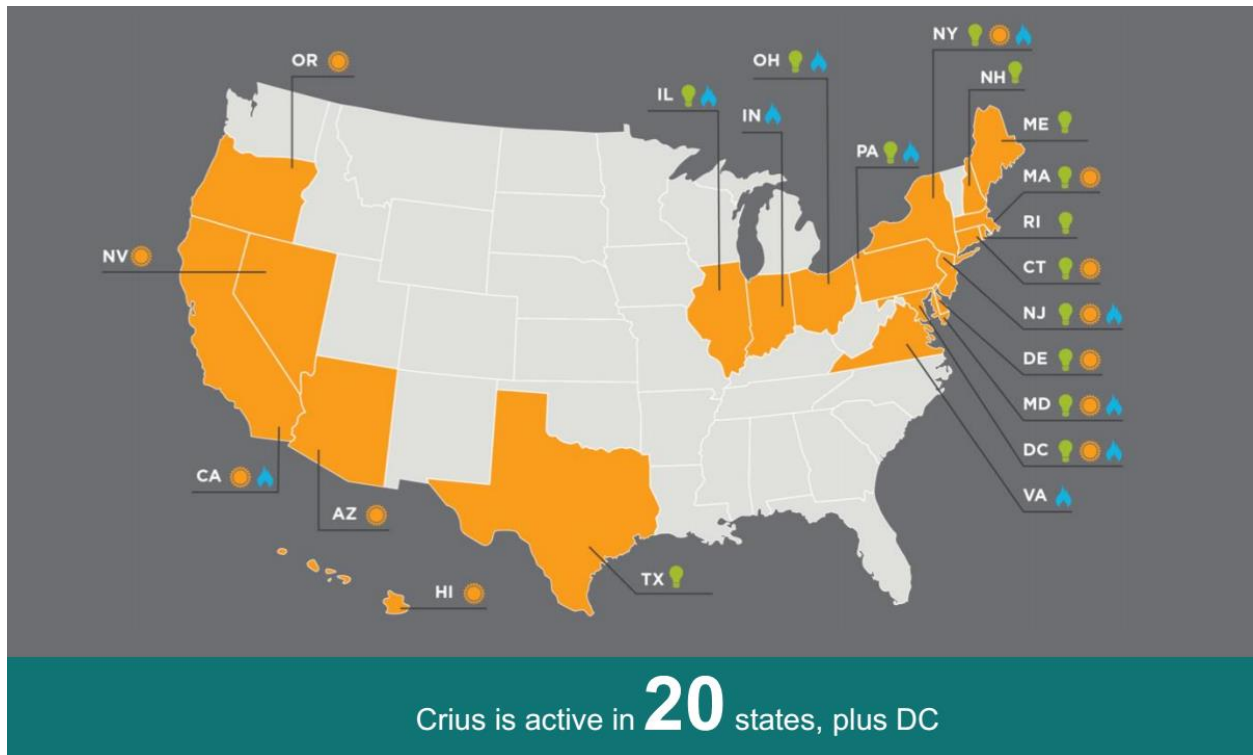
The objective of the trust was to provide a dividend paying investment which generated cash flow through its 26.8% ownership in the operating business Crius Energy LLC.

The other 73.2% of Crius Energy LLC was held by a private holding company which is not publicly traded.

### **What Is The Energy Retailing Business?**

Crius provides electricity, natural gas and solar products to residential and commercial customers located in the energy-deregulated states within the U.S.

A deregulated State is one where the consumer of energy can choose from whom they purchase that energy.



The company has a presence in 20 states, as well as the District of Columbia.

The reasoning behind allowing energy deregulation in the U.S. is:

- A reduction in energy prices paid by consumers
- Giving consumers flexibility with respect to energy purchase decisions
- Motivating suppliers to expand their service offerings (fixed versus variable rate contracts, options for green energy)

In a regulated market, one main utility company has control of providing energy from start to finish. Basically this means that the utility or government set the price for energy supply.

In a deregulated market, the utility still owns the infrastructure and is responsible for distributing the commodity. However, in such markets, energy suppliers are permitted to compete and sell commodity directly to the customers.

Crius and other energy retailers are the middleman between a local power generating company and the end consumer. The consumers sign up for short to medium length contracts directly with Crius.

The value that the energy retailer brings to the consumer is in locking in a desired level of exposure to natural gas and electricity price swings.

Because of the short term nature of the contracts energy retailers face a high level of customer churn. That means that they must be extremely efficient marketers and constantly bringing in new customers.

In speaking with CEO Michael Fallquist via phone from the company's head office in Stamford CT, he said that a rough overall payback on a customer is 17 months and client life is about 36 months.

That's another reason for the high yield on the stock. Some investors don't like that business model with high a churn (they should try being a newsletter writer! Then they would understand churn!).

Crius is intentionally moving towards more commercial accounts, which have less churn, and more fixed price contracts with customers, which have a longer term.

A lower attrition rate would help the business and the stock, and organic customer growth will be a key measure in judging the stock in the coming quarters. The company does break that number out in its corporate presentation.

I wouldn't say I love the business itself. It is a commodity business and highly competitive. What I do love is the growth potential that the business offers.

There are over 100 million potential customers for energy retailers living in deregulated states. That means that there is a huge opportunity for growth even if there aren't additional states which join the list of those already deregulated.

The table below splits the 100 million plus potential customers between electricity and natural gas as well as residential and commercial.

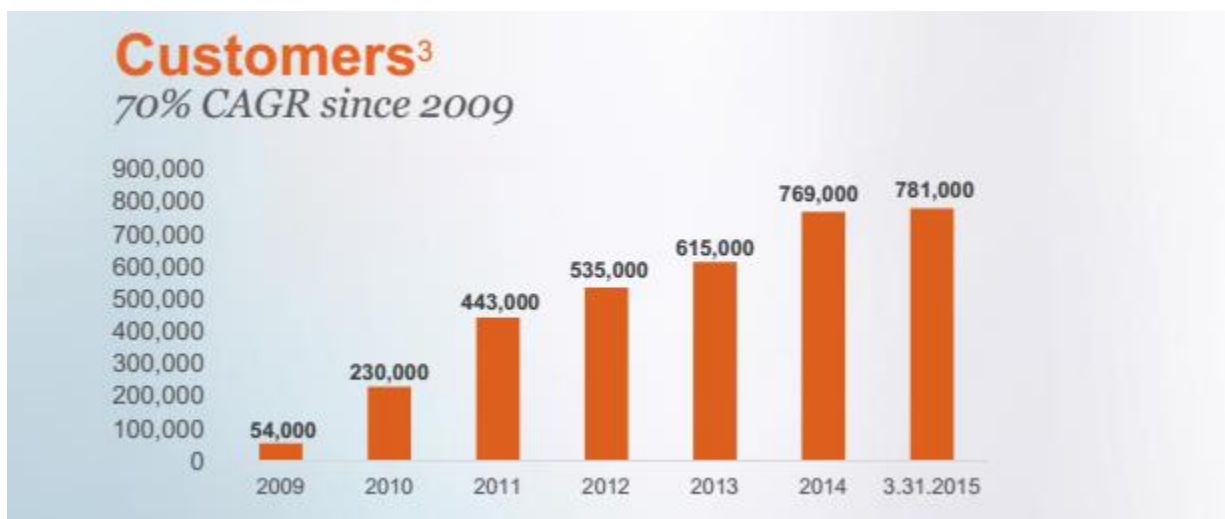
		Addressable Market	Current Market Penetration
Electricity	Residential:	53 million	31%
	Commercial:	8 million	37%
	Total:	61 million	32%
Natural Gas	Residential:	38 million	18%
	Commercial:	3 million	25%
	Total:	41 million	19%

Crius itself has been growing its customer base very rapidly. The company has a 70% compounded rate of growth in its customer base since 2009.

Some of that growth is organic and some through acquisition.

The business model allows for easy scaling up of the customer base with little in the way of incremental cost. That means that a lot of the revenue that comes in from a larger customer base isn't offset by a proportional increase in expenses. More revenue, (almost the) same expenses.

That is what we call margin expansion folks!



## How Does Crius Offset That High Churn Rate And Grow The Business?

Family of Brands	
	<ul style="list-style-type: none"> <li>• Network Marketing</li> <li>• ~20,000 independent contractors</li> <li>• Leading residential green energy brand in the U.S.</li> </ul>
	<ul style="list-style-type: none"> <li>• Strategic Partnership</li> <li>• Targets customer base of Comcast (NASDAQ: CMCSA, CMCSK)</li> </ul>
	<ul style="list-style-type: none"> <li>• Strategic Partnership</li> <li>• Targets customer base of FairPoint Communications (NASDAQ: FRP)</li> </ul>
	<ul style="list-style-type: none"> <li>• Strategic Partnership</li> <li>• Targets customer base of Cincinnati Bell (NYSE: CBB)</li> </ul>
	<ul style="list-style-type: none"> <li>• Direct Marketing, Commercial Broker Network, Municipal Aggregation</li> <li>• 300+ commercial energy brokers</li> <li>• 7 active municipal aggregations</li> </ul>
	<ul style="list-style-type: none"> <li>• Direct Marketing, Commercial Broker Network</li> <li>• Rewards and loyalty programs</li> </ul>
	<ul style="list-style-type: none"> <li>• Direct Marketing, Commercial Broker Network</li> <li>• Offers SolarCity (NASDAQ: SCTY) products</li> </ul>

To survive and then thrive, Crius has to be constantly winning business from new consumers. These sales efforts are truly the lifeblood of this business.

Even once you win a new customer you need to start working on replacing him or her because of the high rate of churn.

Crius attracts customers through several different methods.

### Organic Growth – Direct Marketing

Roughly 30% of the existing Crius customer base has been obtained through direct marketing methods.

#### **Technique #1 - Network Marketing:**

Some of the best known network marketing companies are Mary Kay, Avon, Tupperware....etc. Crius has a 22,000 independent contractors working under the Viridian Energy brand to enroll friends, family and acquaintances.

Viridian offers customers natural gas with a commitment to sustainability and electricity that is sourced with from at least 50% renewable sources (like wind).

Since only 9.4% of U.S. Energy consumption is currently from renewable energy the Viridian brand should have some growth potential.

Out of all its marketing channels, the network marketing approach has been the most successful for Crius.

### **Technique #2 - Telemarketing And Door-To-Door:**

Crius engages third-parties to do telemarketing and knocking on doors. The agents doing the selling are marketing the Public Power Brand.

A big appeal of telemarketing and door-to-door is how quickly it can be rolled out to take advantage of new opportunities.

A perfect example of this took place in 2014 when several utilities in Massachusetts had to double their rates charged to customers. This spells opportunity for Crius who thrives when consumers have been shocked with high utility bills.

Crius rolled out the telemarketing and door-to-door program and locked in 40,000 new customers in the region.

### **Organic Growth – TriEagle/Commercial/Texas**

In April of 2015 Crius made an acquisition of TriEagle Energy which added 200,000 new customers.

Crius wanted TriEagle for two reasons:

- A large commercial customer base
- A foothold in Texas

## Commercial Segment Growth

- **TriEagle Energy acquisition accelerates commercial growth**
  - *Established commercial brokerage network and platform*
  - *Consistently receives high ratings for ease of doing business and overall satisfaction in the commercial customer segment*
- **Leverage existing commercial platform and brokerage network**
  - *Add additional states and products*
  - *Pre-Acquisition: Marketing electricity 3 states*
  - *Post-Acquisition: Marketing electricity, natural gas and solar across 20 states, plus D.C.*
- **Commercial growth provides added portfolio diversity**

Commercial is good because it helps diversify the Crius customer portfolio further. The deal also brings with it a commercial platform that Crius can roll out into its other regions in order to help grow its commercial business.

Getting exposure to Texas is very important because the Lone Star state is the largest deregulated energy market in the country with 31% of total U.S. business volume.

TriEagle Energy has over 300 active commercial broker relationships while operating in three states (Pennsylvania, New Jersey and Texas).

Diversifying operations across as many regions as possible is a great benefit because it leaves the company less susceptible to regional weather events putting a big dent in profits.

And with a foothold in Texas, Crius can then roll out its other sales channels like Viridian into the state. That's what this business is all about—cross marketing and leveraging your relationships.

## Organic Growth – Comcast Partnership

Earlier in 2015, Crius entered into an exclusive three-year marketing arrangement with media juggernaut Comcast. This will provide Crius with access to Comcast's massive 27 million person customer base.

Comcast is the largest video, high-speed Internet and phone provider to residential customers in the U.S.

Crius will cross-market their energy products to Comcast customers. If just 3% of Comcast's customer sign up Crius will double its customer base.

Comcast will offer some of its premium channels for a period of time as an incentive its customers to sign up for the energy products. In return Crius will pay Comcast an up front and residual commission on any customers who enroll.

### **Comcast Partnership**

#### **Access to millions of existing customer relationships**

- *Exclusive three-year agreement with the largest video, high-speed internet and phone provider to residential customers in the U.S.*
- *Offering electricity and natural gas products to Comcast customers under the white-label brand "Energy Rewards"*
- *Offering energy service in Illinois and Pennsylvania (launched in April 2015)*
- *Additional states to be launched in 2H 2015*

#### **Leverage proven cross-sell expertise**

- *18.8 million customers, representing 69% of total, purchase two or more products from Comcast*

This is an exciting partnership to be sure and I expect to see the impact of it start to show up in revenues over the course of this calendar year.

We can't count our chickens before they hatch though, because Crius did have a partnership with another big player (Frontier Communications) that was formed in early 2013 and did not meet expectations.

That relationship with Frontier has actually been terminated.

Comcast commenced marketing the energy products in Illinois and Pennsylvania in April 2015. The intention is to roll out these product offerings to all the deregulated states where Comcast is active over the next 12 to 18 months.

### **Growth Through Acquisition**

Crius has excellent opportunities to grow its business organically in Texas, through Commercial and via the Comcast partnership.

There is also a lot of potential to grow the business accretively through acquisitions.

Energy retailing is a very fragmented market with more than 200 companies operating with customer bases of less than 200,000.

Crius management is determined to stick to a disciplined approach when it comes to making deals. They target an acquisition cost of \$100 or less per customer and a two year payback of the purchase price.

One nice thing about this business is that you can add a lot of customers without adding a lot to your cost structure. That is why adding customers through acquisition can add a lot to the bottom line if the purchase price is right.

## Successful Track Record



*February 2013*  
~1,200 customers  
\$75 / RCE



*April 2014*  
~40,000 customers  
\$120 / RCE



*June 2014*  
~15,000 customers  
\$87 / RCE



*February 2015*  
~200,000 customers  
\$96 / RCE

- **More than 250,000** customers added via four accretive acquisitions since IPO

Since going public Crius has added more than 250,000 customers through acquisition, with the TriEagle Energy deal being by far the largest.

### A Big Solar Opportunity

The core business of Crius is the energy retailing business. This is where the company currently generates almost all of its income (90%) and the cash flow that funds the big dividend.

Hidden within Crius is a second, much faster growing (although smaller) business that is focused on solar energy.

Crius is in partnership with **Solar City Corp (NASDAQ:SCTY)** which provides roof-top solar to residential and commercial consumers.

Crius with its marketing channels will act as an originator for SolarCity, with Crius receiving a significant up-front payment for landing the customer, and a residual annual payment over the life of the contract.

SolarCity has the product, Crius has the means of getting SolarCity customers.

In addition to being fast growing, solar is a high margin business for Crius with margins of 50% in 2014. It is also risk free with Crius just being a salesman and having no capital exposed.

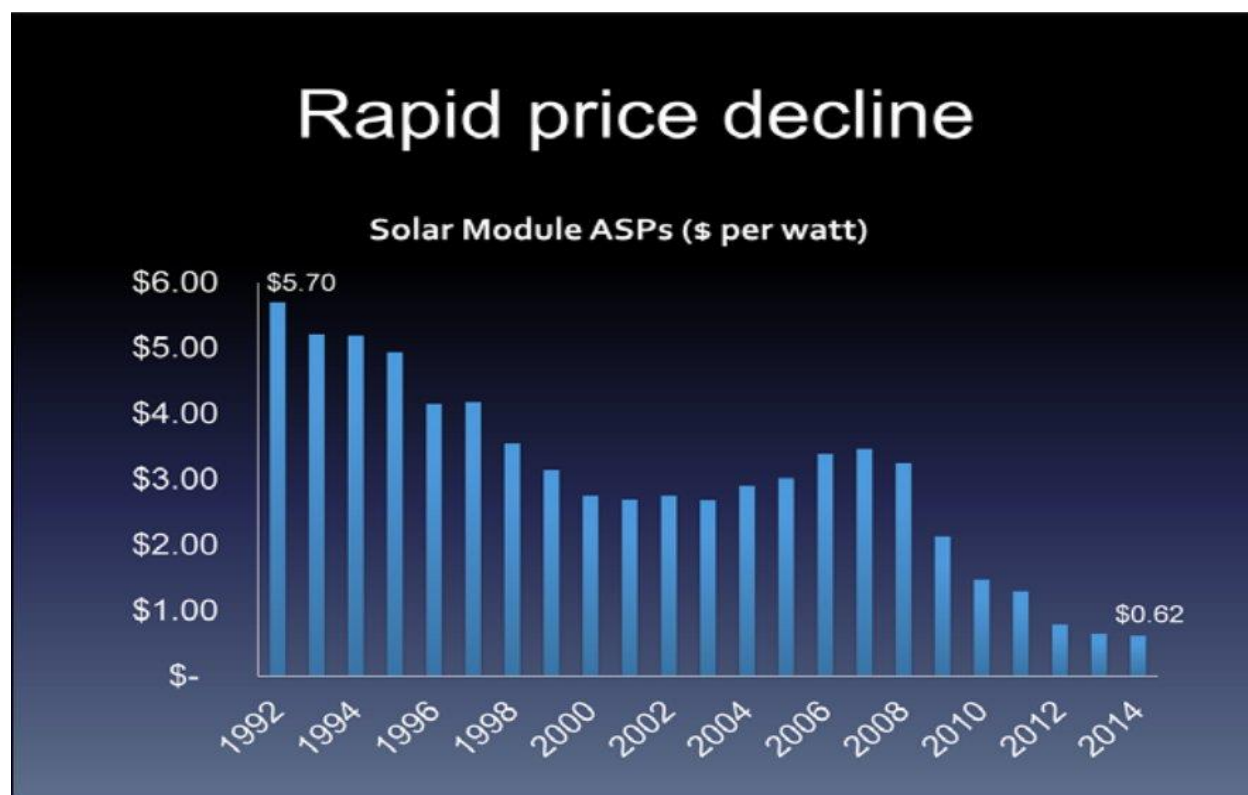
I think this solar business has massive potential for Crius. When I spoke to CEO Michael Fallquist, he explained the terms that SolarCity is able to offer potential customer.....they are so good it is a no-brainer for the consumer to say yes.

Basically customers are being told that if they get solar power, they are guaranteed an electricity price cheaper than the utility could give them, for the next 15 years—with no capital outlay on their (customer) part.

Right now solar represents about 10% of EBITDA, but I expect that to grow quickly.

Let me explain why I think that. It is because demand for solar power is skyrocketing and isn't going to slow down any time soon.

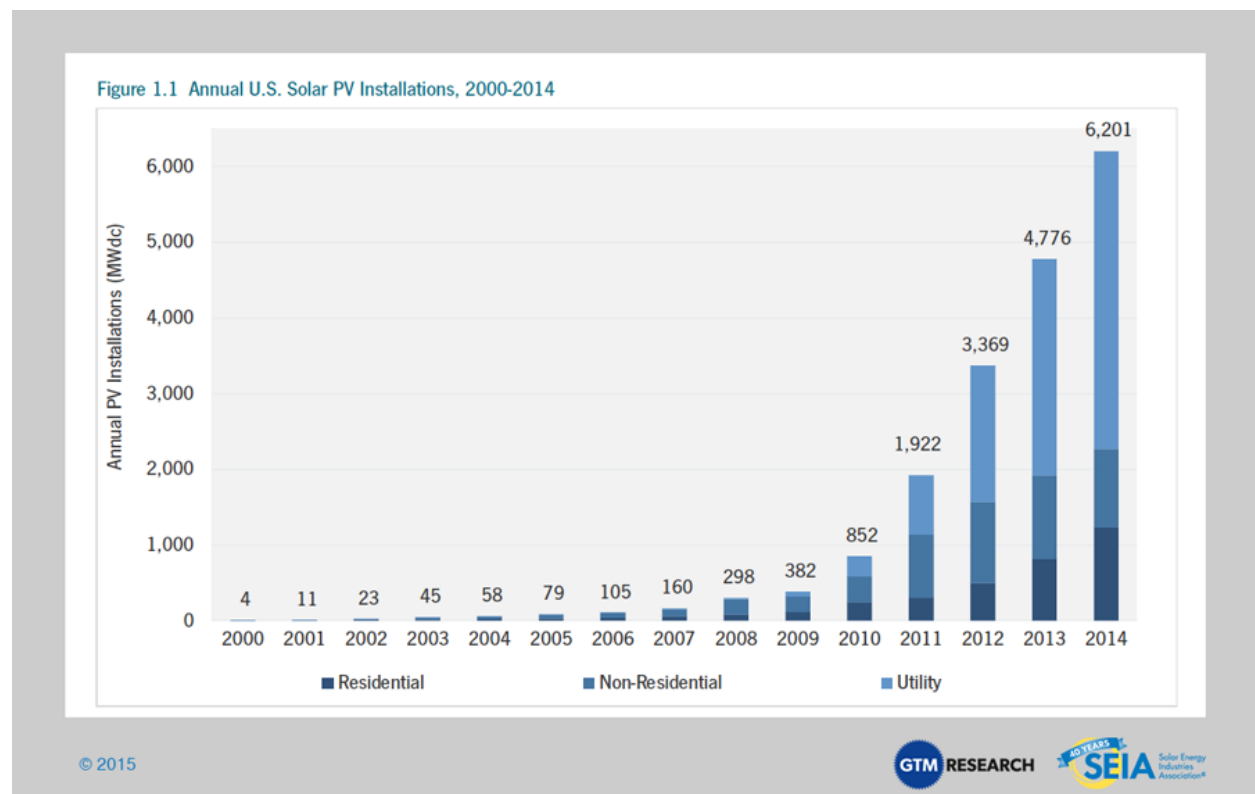
In the past five years, solar power has become cost competitive.



Source of image: Greenlight Capital

Cost per watt is down 80% from where they were five years ago. That is why SolarCity is able to offer such a no-brainer deal to consumers.....pay less for your electricity and be kind to the environment.

The Solar Energy Industry Association shows that the number of solar rooftop installations in the United States has tripled in just the last three years.

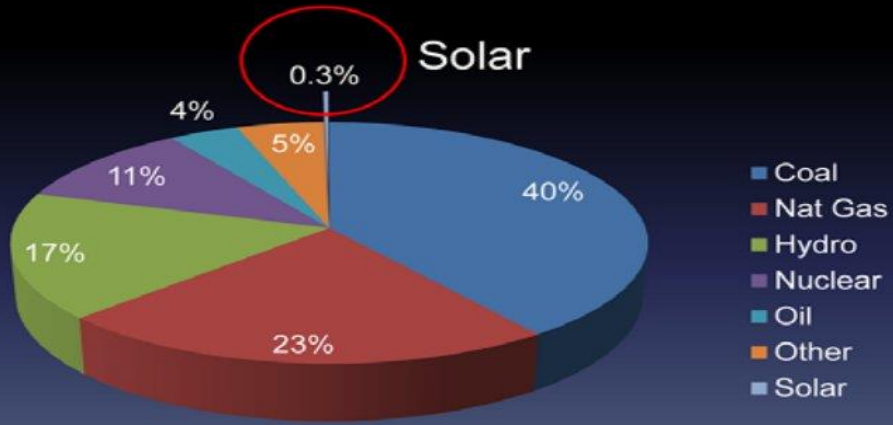


That is a rapid rate of growth, but the sky really is still the limit for solar.

Solar's share of the global electricity market is a measly 0.3%! The potential for growth here is mind-boggling.

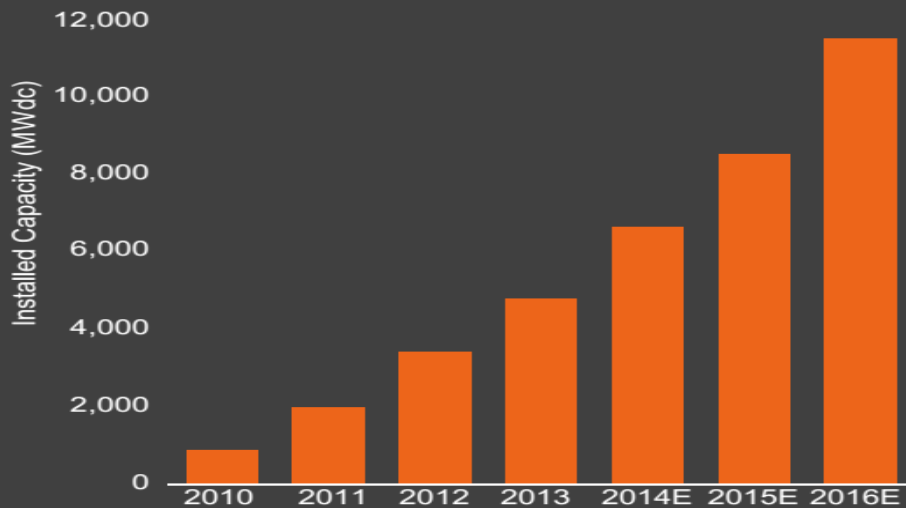
Technology is going to continue to drive down costs and make solar even more economically competitive with the other options. If the economics were equal and you had the choice of coal, nuclear, natural gas, oil or solar which would you choose.....?

# Tiny share



Source of image: Greenlight Capital

## U.S. Photovoltaic Installation Forecast, 2010-2016<sup>3</sup>



## Business Risk – Polar Vortex

Every business has risks involved. For energy producers it is the price of their commodity over the medium term and the performance of their wells.

For energy retailers like Crius it is unexpected wild weather swings that cause spikes and collapses in prices over the short term and their ability to manage that risk through hedging.

In early 2014 Crius had to pass on significant rate increases to customers as a result of polar vortex created price spikes. Not surprisingly they lost a lot of customers over the rest of 2014.

This wasn't a problem that just Crius had. Other energy retailers had the same problems.

Historically customer attrition for Crius has been 10-15%. While the polar vortex created a jump in that in 2014 the company has taken action that could get the attrition rate down into the single digits.

Step one was to increase the portion of the customer base that is on fixed rate contracts. These customers don't get nasty weather surprises and don't become dissatisfied.

Crius has made big progress here with fixed rate contracts going from 10% of their customer base in 2013 to 50% today.

Step two was to increase the commercial customer base providing further diversification of revenue sources. Again, the company has made strides, taking the commercial portion of the business from 22% in 2012 to 35% in 2015.

Commercial customers aren't as profitable, but they do have a much lower rate of attrition.

Step three involved diversifying the business geographically. Weather induced price spikes are often regional so the more spread out across the country the revenue pie is the better.

At the time of the IPO Crius had 58% of its customers based in the Mid-Atlantic region. That figure had shrunk to 41% prior to the TriEagle acquisition which added further diversification.

Step four was adding top notch risk management personnel. The key guy in this case for Crius was Christian McArthur who oversaw energy supply operations for all North American businesses at **Just Energy (JE-TSX)**.

He was brought in after the Polar Vortex problems and has added a new level of hedging expertise that has shown up in results.

You can't ever eliminate risk, but Crius appears to be doing a good job of reducing it.

## **FINANCIALS**

The two income streams that Crius has are actually very different. While the core energy retailing business is currently the big driver of revenue, income and cash flow the solar business has the potential to transform this company.

The slide below compares how the two business lines create income for Crius.

## Customer Economics

	 <i>Electricity</i>	 <i>Natural Gas</i>	 <i>Solar</i>
<i>Upfront Cost-to-Acquire</i>	<b>\$25- \$100</b>	<b>\$25- \$100</b>	<b>\$1,500 - \$3,000</b>
<i>Annual Residual Commission</i>	<b>\$25- \$40</b>	<b>\$25- \$40</b>	<b>\$0</b>
<i>Upfront Margin</i>	<b>N/A</b>	<b>N/A</b>	<b>\$3,500- \$5,500</b>
<i>Annual Margin</i>	<b>\$50- \$250</b>	<b>\$50- \$250</b>	<b>\$25- \$100</b>
<i>Customer Relationship</i>	<b>2-4 years</b>	<b>2-4 years</b>	<b>15 years</b>

The core retailing business actually involves an upfront cost to Crius and then provides a nice annual income stream for the following two to four years (depending on how long the customer stays).

The solar business on the other hand involves a big cash inflow upfront for Crius (\$3,500 to \$5,000) and small annual cash flow stream over the next 15 years.

Don't take this to mean the core business isn't a good one. It is.

The core business model here has incredible torque to rising revenue which may very well occur with TriEagle and Comcast on board going forward.

If the solar business doesn't take off there is still a lot of growth potential here.

It is just those solar margins are so sweet and the potential for the solar industry so big.

On a trailing twelve month basis the payout ratio on the dividend is 60%. Last quarter it was 56%. If growth happens as hoped for that payout ratio is going to drop or the dividend increased.

Be aware that Crius is a Canadian income trust. I am not in the business of figuring out all of the tax implications of this for my many subscriber types so please take care to figure out what this means to you.

I pay people to do that for me, so trust me you don't want me giving you tax advice.

The financials show \$149 million in non-current liabilities; this is not debt, this is the interest in the private co that publicly traded Crius does not own.

Because Crius controls the private co it consolidates all of the private co's financial statements, and thus has this \$149 million "non-controlling" interest balance sheet item.

That non-controlling interest balance should be reduced going forward now that Crius will own 42% instead of 26% of the private co.

The private co and thus Crius as well currently have a small amount of debt after the TriEagle Energy purchase for \$19 million. I estimate that debt for the 42% pubco is well under \$10 million and expect that given the nature of this business we will always see a clean balance sheet here.

Now with respect to energy prices, Crius aims to have no actual exposure to price fluctuations. The company tries to hedge away all of its price risk and lock in the spread (margin) that it earns between its cost and the selling price to customers.

The margin that Crius targets is \$20/MWh on the sale of electricity products and \$1.50/MMBTu on the sale of natural gas.

You should also know that a weak Canadian dollar is good for Crius. Its income and cash flow is in U.S. dollars and its dividend payments are in Canadian dollars.

## Operating Metrics

	Q1 2015	Q1 2014	FY 2014	FY 2013
<i>Electricity Volumes (MWh)</i>	1,264,000	1,339,000	4,780,000	5,113,000
<i>Natural Gas Volumes (MMBtu)</i>	3,238,000	2,893,000	6,601,000	4,658,000
<i>Solar Sales (MW)</i>	9.8	1.8	10.7	1.8
<i>Electric Unit Margins (\$/MWh)</i>	\$22.37	\$8.96	\$22.16	\$18.27
<i>Natural Gas Unit Margins (\$/MMBtu)</i>	\$2.73	\$1.81	\$1.99	\$1.04
<i>Upfront Cost to Acquire (\$/Customer)</i>	\$41.00	\$47.00	\$47.00	\$37.00
<i>Residual Commissions (% of Revenue)</i>	2.9%	2.7%	3.3%	2.8%
<i>Upfront Solar Cost to Acquire (\$/System)</i>	\$643	\$2,333	\$1,766	\$2,333

## VALUATION

Over the past four quarters the company has adjusted EBITA of \$57 million. Remember, that is the EBITA level for the entire business, publicly traded Crius now owns 42% of that—so their pro rata EBITDA is \$24 million.

With an Enterprise Value of \$127 million and EBITA of \$24 million Crius currently trades at 5.3 times trailing twelve months.

That is a pretty steep discount to similar publicly traded companies which I see trading at 7 to 10 times.

That could set Crius up for a combination of EBITA growth in 2015 combined with an increasing valuation multiple.

We could see 50% upside from a better valuation alone. Then tack onto that whatever growth the company is able to generate.

We should also keep an eye on what the U.S. dollar does. The higher against the Canadian dollar (the loonie) the better.

## MANAGEMENT

<p><b>Michael Fallquist</b> Chief Executive Officer</p>	<ul style="list-style-type: none"> <li>• 10 years in the retail energy industry</li> <li>• Founded Crius Energy, Viridian Energy and forged initial strategic partnerships</li> <li>• Commerce Energy, Macquarie Group</li> </ul>
<p><b>Roop Bhullar</b> Chief Financial Officer</p>	<ul style="list-style-type: none"> <li>• 10 years in the retail energy industry</li> <li>• Commerce Energy, King Country Energy</li> </ul>
<p><b>Chaitu Parikh</b> Chief Operating Officer</p>	<ul style="list-style-type: none"> <li>• 16 years in the retail energy industry</li> <li>• President and CEO of MXEnergy</li> </ul>
<p><b>Cami Boehme</b> Chief Strategy Officer</p>	<ul style="list-style-type: none"> <li>• 16 years experience in branding, marketing and strategy across verticals</li> <li>• SVP with Regional Energy Holdings</li> </ul>
<p><b>Christian McArthur</b> Executive Vice President, Energy Pricing and Supply</p>	<ul style="list-style-type: none"> <li>• 10 years in the retail energy industry</li> <li>• SVP with Just Energy</li> </ul>
<p><b>Rob Cantrell</b> Executive Vice President, Sales</p>	<ul style="list-style-type: none"> <li>• 10 years in the retail energy industry</li> <li>• Former President and Chief Operating Officer for TriEagle Energy</li> <li>• 20+ years of sales leadership</li> </ul>
<p><b>Barbara Clay</b> General Counsel</p>	<ul style="list-style-type: none"> <li>• 16 years in compliance, law and governance in highly regulated industries</li> <li>• 9 years in private practice representing energy, communication and financial industry clients for M&amp;A, joint ventures, and complex contract matters</li> </ul>

## Crius Board of Directors

<p><b>David Kerr</b> Chairman and Independent Director</p>	<ul style="list-style-type: none"> <li>• CEO, Thorium Power Canada Inc.</li> <li>• Founder, Algonquin Power Income Fund</li> </ul>
<p><b>James Ajello</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Chairman of U.S. Department of Energy's Environmental Management Advisory Board</li> <li>• Executive VP, CFO, Treasurer &amp; Chief Risk Officer of Hawaiian Electric Industries, Inc., (NYSE: HE)</li> <li>• Former Senior VP of Business Development and Senior VP &amp; GM of Commercial and Industrial Marketing President of ReliantEnergy Solutions, LLC</li> </ul>
<p><b>Brian Burden</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Former CFO, TransAlta Corp.</li> <li>• Former CFO, Molson Coors</li> </ul>
<p><b>Robert Huggard</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• President of Lindaura Consulting</li> <li>• Former President, Direct Energy Canada</li> <li>• Former President, Direct Energy Home and Business Services</li> </ul>
<p><b>Daniel Sullivan</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Director, Ontario Teachers' Pension Plan</li> <li>• Director, Allied Properties Real Estate Investment Trust</li> <li>• Former Consul General for Canada in New York</li> </ul>
<p><b>Michael Fallquist</b> Director &amp; CEO</p>	<ul style="list-style-type: none"> <li>• Founded Crius Energy, Viridian Energy and forged initial strategic partnerships</li> <li>• Commerce Energy, Macquarie Group</li> <li>• 10 years in the retail energy industry</li> </ul>



## WHAT THE ANALYSTS SAY

FIRM	TARGET PRICE
------	--------------

Desjardins	\$9.50
Mackie	\$10.30
RBC	\$8.50

## STOCK CHART



## CONCLUSION

There are a lot of good things that could happen for this company over the next twelve to eighteen months.

There are all of the growth drivers which I've described. Comcast, TriEagle, and solar could all be BIG—and I mean REALLY BIG. A big key with relationship marketing is you are finding a customer who is not being swayed by price—he's being approached when he's not thinking about energy. It's an add-on, a bonus, and he's being offered an incentive. That's very different than being pitched on price.

Just as important for improving the share price will be continued strong performance that shows the polar vortex problems of early 2014 are truly in the rear-view mirror. This should help give the stock some yield compression.

That will reduce customer attrition, strengthen the belief in the company's risk management abilities and improve the valuation multiple the market is willing to assign.

A combination of growth and dividend yield like this is not something you see every day. I think that if solar and Comcast both work, the dividend could double in 2-3 years. That is why I made Crius my largest stock purchase of 2015.

And I love the fact that nobody in my universe had heard of this company except the subscriber who pitched it to me.

YOU SHOULD ALSO READ THE INTERVIEW WITH CEO MICHAEL FALLQUIST IN THE MEMBERS CENTRE—IT HAS SOME GREAT GRANULAR DATA POINTS !!!