# Atrium Mortgage Investment Corporation (AMIVF)

*Published April 10th, 2025 by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $7.30 | **5 Year Annual Expected Total Return:** | 9.0% | **Market Cap:** | $345M |
| **Fair Value Price:** | $7.92 | **5 Year Growth Estimate:** | 0.0% | **Ex-Dividend Date[1]:** | 04/30/25 |
| **% Fair Value:** | 92% | **5 Year Valuation Multiple Estimate:** | 1.6% | **Dividend Payment Date:** | 05/12/25 |
| **Dividend Yield:** | 9.0% | **5 Year Price Target** | $7.92 | **Years Of Dividend Growth[2]:** | 0 |
| **Dividend Risk Score:** | F | **Sector:** Financials | | **Rating:** | Sell |

## Overview & Current Events

Atrium Mortgage Investment Corporation was founded in 2001 and was listed on the Toronto Stock Exchange in 2012. The company was formed as a non-bank lender to fill the void that results from a limited number of financial institutions operating in Canada. AMIVF provides different types of mortgage loans to customers, including residential mortgages, land and development financing, commercial term and bridge financing services, and construction and mezzanine financing. The company's loans range from 300,000 to 30 million CAD and are backed by real estate in major Canadian urban centers.

As of December 31st, 2024, AMIVF had 886.7 million CAD in mortgages outstanding across 298 loans. By total loan amount, most of these mortgages were residential properties (78.5%), with the remainder being commercial (21.5%). Most of the total mortgages outstanding were concentrated in the Greater Toronto Area (89.3%), with the rest in non-GTA Ontario (4.6%) and British Columbia (6.1%). Overall, these mortgages were relatively secure, with 95.7% of the portfolio having a loan-to-value ratio below 75%. That explains the weighted average loan-to-value ratio of 61.9% across the portfolio.

On March 6th, AMIVF shared its fourth quarter financial results for the period ended December 31st, 2024. The company's revenue dropped by 12.7% year-over-year to 22.6 million CAD in the quarter. Adjusting for unfavorable currency translation, revenue fell by 15.6% over the year-ago period to $16.1 million during the quarter. That was the result of a lower weighted average interest rate (9.98% versus 11.42%) due to reduced benchmark market rates versus the prior-year quarter. The company's diluted EPS was flat at 0.26 CAD for the quarter. This was because of a lower provision for mortgage losses and reduced financing costs during the quarter. Accounting for foreign currency translation, diluted EPS decreased by 3.6% to $0.19 in the quarter.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $0.67 | $0.71 | $0.75 | $0.69 | $0.74 | $0.73 | $0.77 | $0.78 | $0.86 | $0.73 | ***$0.72*** | ***$0.72*** |
| **DPS** | $0.66 | $0.65 | $0.68 | $0.69 | $0.68 | $0.67 | $0.72 | $0.69 | $0.67 | $0.66 | ***$0.66*** | ***$0.66*** |
| **Shares[3]** | 26.8 | 27.1 | 33.3 | 36.6 | 41.5 | 42.4 | 42.8 | 43.3 | 44.0 | 47.2 | ***47.2*** | ***52.6*** |

Over the past decade, AMIVF's diluted EPS in USD has grown by about 1% annually. Moving forward, we believe that the company will have a difficult time growing its diluted EPS. As long-term interest rates fall, refinancing should pick up. That will lead prepayment speeds to also quicken and force AMIVF to reinvest the proceeds at lower weighted average interest rates. Fortunately, this can be partially offset by lower financing costs. As rates eventually stabilize and the company fully adjusts to the operating environment, we believe its diluted EPS can rebound. This is why we think that diluted EPS will be about flat over the next five years.

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[1] Estimated dates based on past dividend dates.
[2] In its original Canadian Dollar declaration.
[3] Share count is in millions.

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## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 15.3 | 12.7 | 13.0 | 13.7 | 14.8 | 13.3 | 14.4 | 10.1 | 9.2 | 10.4 | ***10.1*** | ***11.0*** |
| **Avg. Yld.** | 6.5% | 7.3% | 7.0% | 7.3% | 6.2% | 6.9% | 6.5% | 8.7% | 8.5% | 8.7% | ***9.0%*** | ***8.3%*** |

In the last 10 years, AMIVF's P/E ratio has ranged from as little as the high-single-digits to as much as the mid-teens. Over this time, the average P/E ratio was 12.7. Overall, we believe the five-year multiple of approximately 11 is more representative of AMIVF's fair value moving forward. Relative to the current P/E ratio of 10.1, shares could be modestly undervalued.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 99% | 92% | 91% | 100% | 92% | 92% | 94% | 88% | 78% | 90% | ***92%*** | ***92%*** |

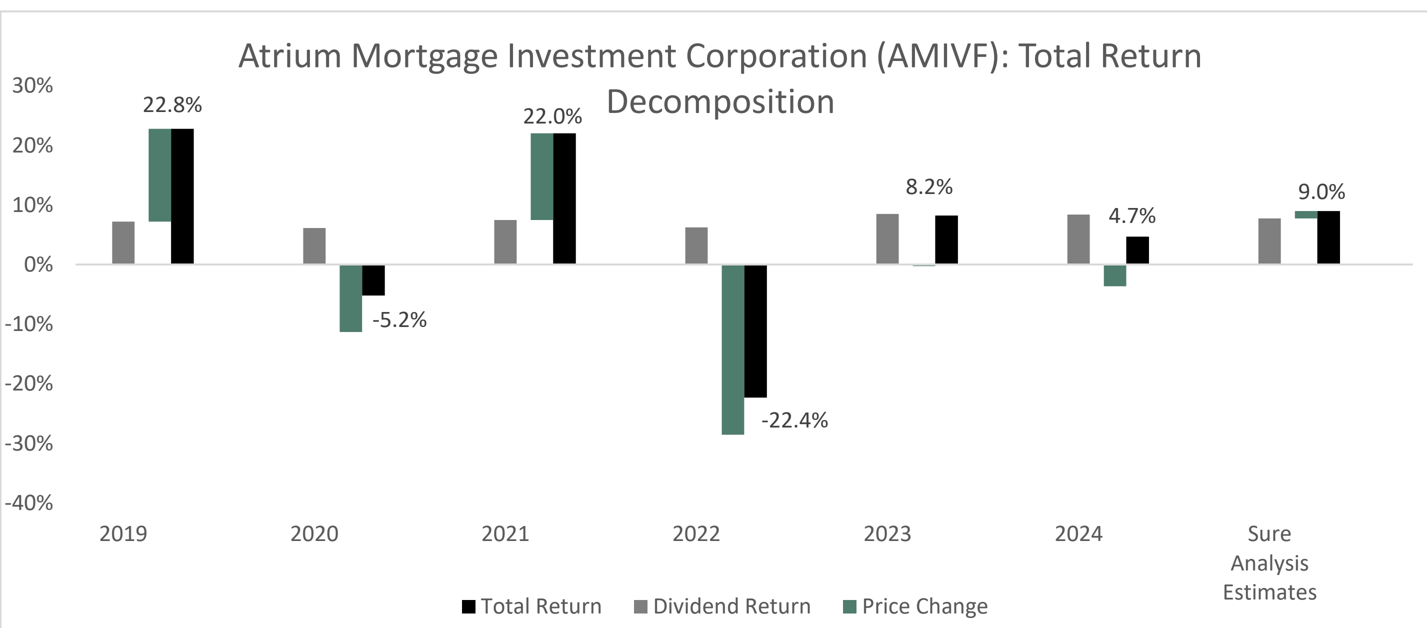
AMIVF's most noteworthy competitive advantage is that it focuses on a niche market as a non-bank lender. Its borrowers don't qualify for traditional bank financing for various reasons, which enables higher portfolio yields compared to bank prime rates.

The company's average LTV ratios are also lower than most peers, which typically reduces credit risk and leads to fewer default losses. AMIVF pays dividends each month (in addition to a special dividend once a year). The company hasn't cut the dividend as a publicly traded company. However, it wouldn't have an especially big cushion in a severe and prolonged economic downturn (especially in the Greater Toronto Area) by virtue of its industry. On that note, the payout ratio is set to be in the low 90% range in 2025.

## Final Thoughts & Recommendation

AMIVF's 9.0% yield, static diluted EPS, and 1.6% annual valuation multiple expansion potential could lead to 9.0% annual total returns through 2030. To be clear, the company is a relatively qualitative player in its industry. However, we believe there are more reliable investments with lower risk profiles outside of AMIVF's industry. Thus, we're initiating coverage with a sell rating.

## Total Return Breakdown by Year




*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | 21 | 22 | 25 | 28 | 32 | 33 | 35 | 39 | 48 | 46 |
| **SG&A Exp.** | 1 | 1 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| **Net Profit** | 18 | 20 | 22 | 26 | 29 | 29 | 33 | 36 | 38 | 35 |
| **Net Margin** | 88.3% | 90.5% | 90.4% | 92.0% | 91.9% | 88.3% | 94.0% | 92.4% | 80.2% | 76.3% |
| **Free Cash Flow** | 28 | 23 | 29 | 32 | 36 | 42 | 54 | 45 | 26 | 50 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Assets** | 125 | 188 | 222 | 229 | 221 | 229 | 239 | 294 | 298 | 242 |
| **Accounts Receivable** | 1 | 2 | 4 | 2 | 4 | 3 | 3 | 5 | 4 | 6 |
| **Total Liabilities** | 120 | 81 | 116 | 224 | 212 | 223 | 137 | 124 | 128 | 103 |
| **Accounts Payable** | 198 | 207 | 278 | 284 | 349 | 363 | 369 | 350 | 363 | 360 |
| **Long-Term Debt** | 0.61 | 0.39 | 0.42 | 0.79 | 0.61 | 0.62 | 0.37 | 0.36 | 0.35 | 0.29 |
| **Shareholder's Equity** | 125 | 188 | 222 | 229 | 221 | 229 | 239 | 294 | 298 | 242 |
| **LTD/E Ratio** | 1 | 2 | 4 | 2 | 4 | 3 | 3 | 5 | 4 | 6 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Return on Assets** | 5.3% | 5.5% | 5.0% | 5.1% | 5.4% | 5.0% | 5.6% | 5.7% | 5.8% | 5.5% |
| **Return on Equity** | 8.9% | 9.7% | 9.3% | 9.3% | 9.2% | 8.2% | 9.1% | 9.9% | 10.7% | 9.6% |
| **ROIC** | 5.3% | 6.5% | 6.6% | 5.8% | 5.4% | 5.1% | 6.1% | 7.3% | 7.9% | 7.3% |
| **Shares Out.** | 26.8 | 27.1 | 33.3 | 36.6 | 41.5 | 42.4 | 42.8 | 43.3 | 44.0 | 47.2 |
| **Revenue/Share** | 0.64 | 0.63 | 0.63 | 0.62 | 0.62 | 0.64 | 0.71 | 0.73 | 0.88 | 0.84 |
| **FCF/Share** | 0.85 | 0.66 | 0.74 | 0.70 | 0.71 | 0.81 | 1.08 | 0.84 | 0.48 | 0.91 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*