



Hey Barron's, You Forgot One!

Description

Investors have started the week in a good mood with markets across the globe showing green. Helping to drive the Canadian market are two big cap energy names, **Suncor (TSX:SU, NYSE:SU)** and **Canadian Natural Resources (TSX:CNQ, NYSE:CNQ)**. Both stocks are higher after being featured in a Barron's article over the weekend. In my opinion, there is another name in Canada's energy patch that is equally deserving of Barron's attention. Fools should be aware of it.

The name, get to the name

Though Barron's is bullish on both, they finger Suncor as the "safer" of the two because it's producing significant free cash flow. If you're interested in free cash flow, look past Suncor and consider **Canadian Oil Sands (TSX:COS)**.

The table below outlines the free cash generated by all three companies over the past 12 months. On a per share basis, Canadian Oil Sands is the clear winner.

	CFO	Cap Ex	FCF/share	FCF Yield	Div Yield
Suncor	8,846	6,959	\$1.24	3.8%	1.6%
CNQ	6,907	6,227	\$0.62	2.0%	1.4%
Cdn Oil Sands	1,864	1,086	\$1.60	7.7%	6.7%

Source: Capital IQ

Not only did Canadian Oil Sands generate more free cash per share than the other two names, it trades at a much more attractive valuation, according to the free cash flow yield. Even if Suncor meets

the free cash flow projection of \$3 billion (\$1.97/sh) indicated by Barron's, its free cash flow yield would only be 6.2% – still lower than COS.

The article also cites the potential for an increased dividend as reason to like Suncor's prospects. Canadian Oil Sands currently yields 6.7%. Suncor's board would have to quadruple the company's current payout for the dividend to get into Canadian Oil Sands territory.

The Foolish Bottom Line

The prospects for all three companies will largely be dictated by energy prices. Should energy prices co-operate, it is difficult to conceive that either of the names featured by Barron's will out-cash Canadian Oil Sands.

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Fool contributor Iain Butler owns shares of Canadian Oil Sands. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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