4 Canadian Stocks That Have Doubled Their Dividend

Description

Concentrating your portfolio on dividend paying, and more specifically, dividend growing stocks is a proven way to ensure investing success.

The following is a snapshot of 4 S&P/TSX Composite companies (and there were only four) that have grown their regular dividend per share by more than 100% over the past year.

Calfrac Well Services (TSX:CFW)

For participating in a highly cyclical industry, Calfrac has maintained at least a small dividend for a number of years. However, what was a steady $0.10 per share annual payout up until 2009 has become $1.00 per share. With its jacked up payment, Calfrac currently yields 3.9%, making it a viable income play for most – if the yield is sustainable.

Calfrac moved its dividend from $0.18 to $1.00 in 2012, a year in which free cash flow was -$65 million. In fact, in the three years since the company moved from its historical $0.10 per share payout, total free cash flow has amounted to -$80.9 million. Not exactly the kind of text-book free cash generation you'd expect to see from a company that has bumped the annual payout so dramatically.

Agrium (TSX:AGU,NYSE:AGU)

Agrium's board has been under attack from hedge fund Jana Partners for not unlocking the "value" embedded within the company's fertilizer and retail operations. In the face of this onslaught, the board approved moving the dividend from what was a $0.225 semi-annual payment to quarterly payments of $0.50 (current yield = 2.0%). Free cash generation has averaged just over $500 million since 2007 which implies the $300 million now required to cover the dividend is consistently available. Even if Jana loses the proxy battle, Agrium's board appears to have learned something about how to treat its owners.

Trican Well Services (TSX:TCW)

Another from the volatile energy services space made the list. Trican's dividend has gone from $0.10

in 2011 to the current annual payment of $0.30 per share ($0.15 semi-annually). This generates a yield of 2.2% for Trican shareholders. Similar to Calfrac, while Trican's dividend has gone up, the company hasn't generated positive free cash flow since the first quarter of 2011. The rationale for a dividend hike under this scenario warrants a question mark.

Potash (TSX:POT,NYSE:POT)

In 2011, Potash's annual dividend was $0.28 per share. That now represents the *quarterly* payment, resulting in a yield of 2.8% for Potash holders. Potash is near completion on two expansion projects and as a result, cap-ex is going to come down dramatically in the coming years. This will send annual free cash flow to the $1 billion mark (2x current) and management has made no bones about returning a reasonable chunk of this cash bonanza to shareholders. Potash's future is likely to contain more dividend hikes.

Foolish Takeaway

Given the cyclicality of the energy services industry and outside influence required to get Agrium off its wallet, of these four, I'd hang my continue-to-raise the dividend hat on Potash. The cash flows are coming and management is committed. A great combo when you're seeking out a market beating dividend grower.

Potash shareholders are in-line for consistent raises in the coming years, something that will help them to combat the low-interest rate environment that we're in. To help fill you up on dividend stocks like Potash, we've created a special FREE report that identifies 13 U.S. companies that will have you rolling in dividend cheques before you know it. Simply **click here** and we'll send you "**13 High Yielding Stocks to Buy Today**" – absolutely FREE! You're just **one click** away from dividend nirvana!

Follow us on Twitter and Facebook for the latest in Foolish investing.

Fool contributor Iain Butler is short $40 July 2013 put options on Potash. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CFW (Calfrac Well Services Ltd.)
2. TSX:TCW (Trican Well Service Ltd.)

Category

1. Investing

Date
2025/08/25
Date Created
2013/04/09
Author
tmfohcanada