Looking for Stability Over Growth? Consider These 3 Names

Description

While it's always nice to see growth in the companies we invest in, what we really should be after is earnings stability. After all, growing companies tend to have expensive stock prices, and if these companies slow down, those prices can plummet.

So what are some companies in Canada that aren't growing particularly quickly (or at all), but generate earnings you can count on? Below we take a look at three.

1. Tim Hortons

Growing is not something that will come very easily for **Tim Hortons** (TSX: THI)(NYSE: THI). Canada's leading quick service restaurant is dealing with market saturation issues in its home market, where there's an average of 13,900 people per Tim Hortons location. And competition is on the rise from the likes of **MacDonald's** and **Starbucks**.

But the news isn't all bad. Tim's has the number one brand in Canada in any industry, making its lead very defensible. And there are opportunities to increase revenue. Certain regions, such as Western Canada and Quebec, are not saturated at all. The average cheque size is 27%-45% below the industry average according to the time of day, which the company hopes to improve. And there are certain markets, such as lunch, where Tim's can increase its share. Needless to say, the company is not standing still.

2. Thomson Reuters

The recent history of **Thomson Reuters** (TSX: TRI)(NYSE: TRI) might make it look like a risky bet. After all, the company completed a major acquisition right before the crisis hit, and has not done particularly well afterwards.

But Thomson Reuters makes almost all of its money off of subscriptions, which deliver healthy, stable revenue streams. These subscriptions are generally quite sticky. As a result, the company is able to generate consistent operating cash flow, about half of which was paid out in dividends last year. The dividend currently yields a healthy 3.5%.

Just don't expect much growth from Thomson. In fact, last year revenue shrank by about 3%.

3. Canadian Oil Sands

Another company that has not been growing is **Canadian Oil Sands** (TSX: COS), the operator of the Syncrude project. Last year average production at Syncrude fell by 7%, where there have been numerous operational problems in recent years.

The nicest thing about this stock is its price, which is still trading close to where it was in 2009. Consequently, its dividend is a healthy 6%. As a bonus, the company actually generates enough cash to afford the payout, something that is not the case at a few other high-yielding energy companies. So if you're just looking for a healthy dividend from the oil patch, and nothing more, then Canadian Oil Sands is likely your best option.

CATEGORY

1. Investing

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Date
2025/07/26
Date Created
2014/05/30
Author
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