



3 Free Cash Flow Powerhouses That Reward With Dividends

Description

Free cash flow refers to cash available to investors after an enterprise has financed its cash costs, inventory, receivables, and capital outlays. The following are three companies creating substantial free cash flow.

1. BCE

BCE ([TSX: BCE](#))([NYSE: BCE](#)) is the largest communications company in Canada. Beyond its traditional telephone service, it also focuses on wireless, internet, TV, and media growth services.

For 2013, BCE's free cash flow was \$2.57 billion, up 5.9% over 2012's \$2.43 billion. These values were up 6.5% from 2008's \$2.42 billion. For Q1 2014, BCE had free cash flow of \$262 million, up from \$247 million in Q1 2013. This represents a 6.1% increase.

Since Q4 2008, the company has had 10 dividend increases totaling 69%. BCE recently announced a quarterly dividend of \$0.6175 per common share, payable on July 15, 2014. Its dividend rate is \$2.47 and its dividend yield is 4.90%.

2. Shaw Communications

Shaw Communications ([TSX: SJR.B](#))([NYSE: SJR](#)) is a diversified communications and media company. Its free cash flow in fiscal 2013 was \$604 million. This represents a 25% increase over the prior year's \$482 million.

For Q2 2014, it had healthy cash flow, despite it being down from the same period a year prior. As the company noted, "The current six month period included higher capital investment and cash taxes partially offset by lower interest expense compared to the prior year."

Shaw's free cash flows for the three- and six-month periods ended February 28, 2014 were \$158 million and \$315 million, respectively. This is in comparison to \$161 million and \$405 million for the same periods in 2013.

For the past five years, Shaw's dividend has increased more than 40%. Its dividend rate is %1.10 and its dividend yield is 4.10%.

3. Suncor Energy

Suncor Energy ([TSX: SU](#))([NYSE: SU](#)) is the leading integrated energy company in Canada. For the 12 months ended March 31, 2014, the company had free cash flow of \$3.23 billion. This is in comparison to \$2.64 billion for the 12 months ended March 31, 2013.

For Q1 2014, Suncor returned \$384 million via share repurchases and \$338 million to shareholders via dividends. This represents an increase of more than 70% in dividends paid over the same quarter in 2013.

Suncor Energy's dividend yield is 2.10%. In April, the company's board of directors approved a quarterly dividend of \$0.23 per share on its common shares, payable June 25, 2014. Its dividend rate is \$0.92.

Companies flush with cash can finance strategic initiatives and reward investors. Research the above three as possible additions to your stock portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:SJR.B (Shaw Communications)
6. TSX:SU (Suncor Energy Inc.)

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Author

mugulini

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