



4 Railroad Stocks That You Should Consider

Description

The sounds of trains whistling in the distance are a reminder of the vital services that these companies provide customers and the dividends they deliver to investors. Here are four premier railroad companies to consider for your stock portfolio.

1. Canadian National Railway

Canadian National Railway ([TSX: CNR](#))([NYSE: CNI](#)) has a rail network of over 32,000 kilometres. The company has 80 warehousing and distribution facilities across North America. It has 20 strategically situated intermodal terminals across its network. The company achieved Q1 2014 net income of \$623 million, versus net income of \$555 million in Q1 2013.

The company's current dividend yield is 1.40% and its five-year average dividend yield is 1.50%. Its dividend rate is \$1.00. Its five-year average dividend growth rate is 14.07%

2. Canadian Pacific Railway

Last week, **Canadian Pacific Railway** ([TSX: CP](#))([NYSE: CP](#)) reported Q2 2014 net income of \$371 million, in comparison to \$252 million in Q2 2013. Its operating income was \$587 million, which is an increase of 40%. It has a 14,000-mile network extending from Vancouver to Montreal, and to Chicago, Newark, Philadelphia, Washington, New York City, and Buffalo. Almost two-thirds of Americans live within CP Rail's service territory.

Canadian Pacific Railway's current dividend yield is 0.70% and its five-year average dividend yield is 1.40%. Its dividend rate is \$1.40. The company's five-year average dividend growth rate is 7.30%.

3. CSX

Last week, **CSX** (NYSE: CSX) announced second-quarter net earnings of \$529 million. This is up from \$521 million in Q1 2013. Its revenue increased 7%. It achieved an all-time record \$3.2 billion on volume growth of 8% in Q1. The company's network covers approximately 21,000 route miles of track in 23 states, the District of Columbia and the provinces of Ontario and Quebec. This network connects

to more than 240 short line and regional railroads and over 70 ocean, river, and lake ports.

CSX's current dividend yield is 2.06% and its payout ratio is 34.40%. Its dividend rate is \$0.64. The company has had dividend growth for four years since 2010.

4. Union Pacific

For Q1 2014, **Union Pacific** ([NYSE: UNP](#)) reported net income of \$1.1 billion in comparison to \$957 million in Q1 2013. Its operating revenue increased 7% to \$5.6 billion versus \$5.3 billion in Q1 2013.

Union Pacific's network includes 32,000 route miles traveling through 23 states in the western United States. From 2004-2013, the company invested approximately \$30 billion in its network and operations to support the U.S.'s transportation infrastructure.

Union Pacific's current dividend yield is 1.80% and its payout ratio is 33.20%. Its dividend rate is \$1.82. The company has also had dividend growth for four years since 2010.

These railroad companies provide a steady dividend stream to investors looking for a transportation component to their portfolios. Consider, as I am, these four top providers of essential railway services as a stable source of income.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:CP (Canadian Pacific Railway)
3. NYSE:UNP (Union Pacific)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:CP (Canadian Pacific Railway)

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Date

2025/08/22

Date Created

2014/07/22

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