



2 Companies With Reliable Dividends

Description

Crescent Point Energy Corp. may attract investors with its monster 10.08% annual dividend yield, but even after one recent dividend decrease, the company's dividend and its stock performance are still at risk. For those looking for solid dividend payers, **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Potash Corp./Saskatchewan Inc.** (TSX:POT)(NYSE:POT) are better picks.

A look at Crescent Point Energy's dividend

Crescent Point Energy may pay a massive dividend, but a quick look at the metrics shows that the company is going into a debt to fund its dividend payments, and given the recent crash in oil, this might not be the best idea. Already low on free cash flow to fund its dividend, the company has budgeted for 2015 assuming a crude price of US\$75 per barrel. Given that oil is currently trading well below that value, the dividend could come under threat.

Crescent Point Energy has been particularly hard hit by the fall in crude oil, down over 28% over the last 12 months, and it is currently working to cut costs to improve its position. This could help increase its stock value and may even preserve its dividend at the current level, but there are far safer dividend investments out there right now.

TransCanada Corporation

With a 3.47% annual yield, TransCanada Corporation's dividend is a fraction of Crescent Point Energy's, but for other reasons I think the company is a better choice for dividend-seeking investors. TransCanada has a very stable income stream, and even though the Keystone XL may get all of the attention, the company actually has over US\$22 billion worth of energy infrastructure business projects in North America with the majority expected to be operational over the next three years. The increased cash flow from these new operations will help TransCanada continue to fund its dividend, and perhaps even increase it.

Potash Corp./Saskatchewan

Potash Corp./ Saskatchewan's annual dividend yield is 3.71%, but the company has been rapidly increasing its dividend over the few years, and more dividend increases could be around the corner. While some investors may be scared off by the cyclical nature of the fertilizer business, and current forecasts show that the company's namesake nutrient may stage an anemic performance this year,

there are other reasons why the dividend is in a good spot. That reason is increased cash flow. This year the company should see a decline in expenses with the wrap up of a major, multi-year \$8 billion capital expenditure program.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. NYSE:VRN (Veren)
3. TSX:TRP (TC Energy Corporation)
4. TSX:VRN (Veren Inc.)

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Date

2025/07/01

Date Created

2015/01/13

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