3 Top Energy Stocks That Are Rich in Cash Flow and Shareholder Returns

Description

With oil trading in the high $60 range for the last four months, energy companies are seeing significantly rising cash flows.

Here I explore three energy companies that have consistently created shareholder value and that can be expected to continue to do so, thereby making investors in these companies very happy indeed.

Enerplus (TSX:ERF)(NYSE:ERF) stock has provided shareholders with a 46% one-year-return, and given the company's attractive fundamentals, investors can expect more to come.

The company has been a beacon of strength in the oil and gas sector. A top-notch balance sheet, operating performance, and cash flow growth profile sets it apart from its peers.

With slightly less than half of its production coming from conventional crude oil, and 90% of production coming from crude oil in general, this $3.4 billion oil and gas giant is benefiting from the sharp rise in oil prices.

In 2017, operating cash flow increased 72%, and so far in 2018 operating cash flow increased 40% to $329 million.

The company's capital plans, which are fully funded, are expected to result in strong production and cash flow growth over the next few years, and management believes, as I do, that this is not reflected in its stock price.

Pason Systems (TSX:PSI)

The other quality energy stock that is a very attractive option for investors is Pason, a global energy services company that currently has a dividend yield of 3.38%.

Pason continues to be an “oilfield services” company that is just as much of a technology company, with a clear dominance in Canada and the opportunity to continue to expand into new products, industries, and geographic markets.

Its competitive advantage lies in the technology the company has and continues to bring to the market, making the oil and gas business a less risky and more profitable one.

Pason has a strong track record, and when we look at its history we can see evidence of strong cash flow generation, consistent dividend increases, and a very profitable business model.

In first six months of 2018, the company reported a 24% increase in revenue, a 670-basis-point increase in EBITDA margins, and a 66% increase in funds flow from operations.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

Canadian Natural Resources is special, because it offers a long-life, low-decline portfolio and oil and gas assets that have given the company a predictable and reliable stream of cash flow with little reserve-replacement risk.

The stock has a 2.96% dividend yield, and the company has continued to generate rapidly rising cash flows and an increasing dividend.

In fact, the company announced a 22% dividend increase, signaling management’s bullish long-term view.

CATEGORY

1. Dividend Stocks
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1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ERF (Enerplus Corporation)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:ERF (Enerplus)
5. TSX:PSI (Pason Systems Inc.)

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