2 Popular Dividend Stocks for Colossal Price Appreciation

Description

There's so much depression in the Canadian energy sector with all the talks about climate change and lack of pipeline capacity. Even representative players like **Encana** are changing to be less Canadian and domiciling in the U.S. instead, though it claims that its operations will remain the same.

Yet here are two businesses that are not only surviving but thriving in the energy sector today. They're popular large-cap companies **Suncor Energy** (TSX:SU)(NYSE:SU) and **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ).

Despite low energy prices, their streamlined and large-scale operations allow them to generate ample cash flow to maintain and grow their businesses *and* keep increasing their dividends year after year.

Suncor Energy

Suncor Energy has a market cap of $63 billion. Its integrated business enables it to optimize profits along the energy value chain from the ground to the gas station, including refining products. Therefore, the company is profitable, even in low-energy pricing environments.

In the trailing 12 months, Suncor generated nearly $12.4 billion of operating cash flow, of which $4.6 billion was invested to maintain and grow the business, leaving more than enough cash to buy back $3.1 billion of common stock, pay almost $2.5 billion of dividends, and pay down $293 million of debt.

Suncor's dividend track record is marvelous, especially when compared against struggling energy companies that have cut their dividends in the last 10 years coupled with horrible stock price cuts. Specifically, Suncor has increased its payout for 16 consecutive years with a five-year dividend-growth rate of nearly 15%.

Currently, Suncor offers a safe yield of 4.2%. Its share-buyback program will help support its stock price. Investors should aim to buy SU stock when it's attractive. The 12-month average analyst target is $51.40, or almost 28%, which is quite good!

Canadian Natural Resources

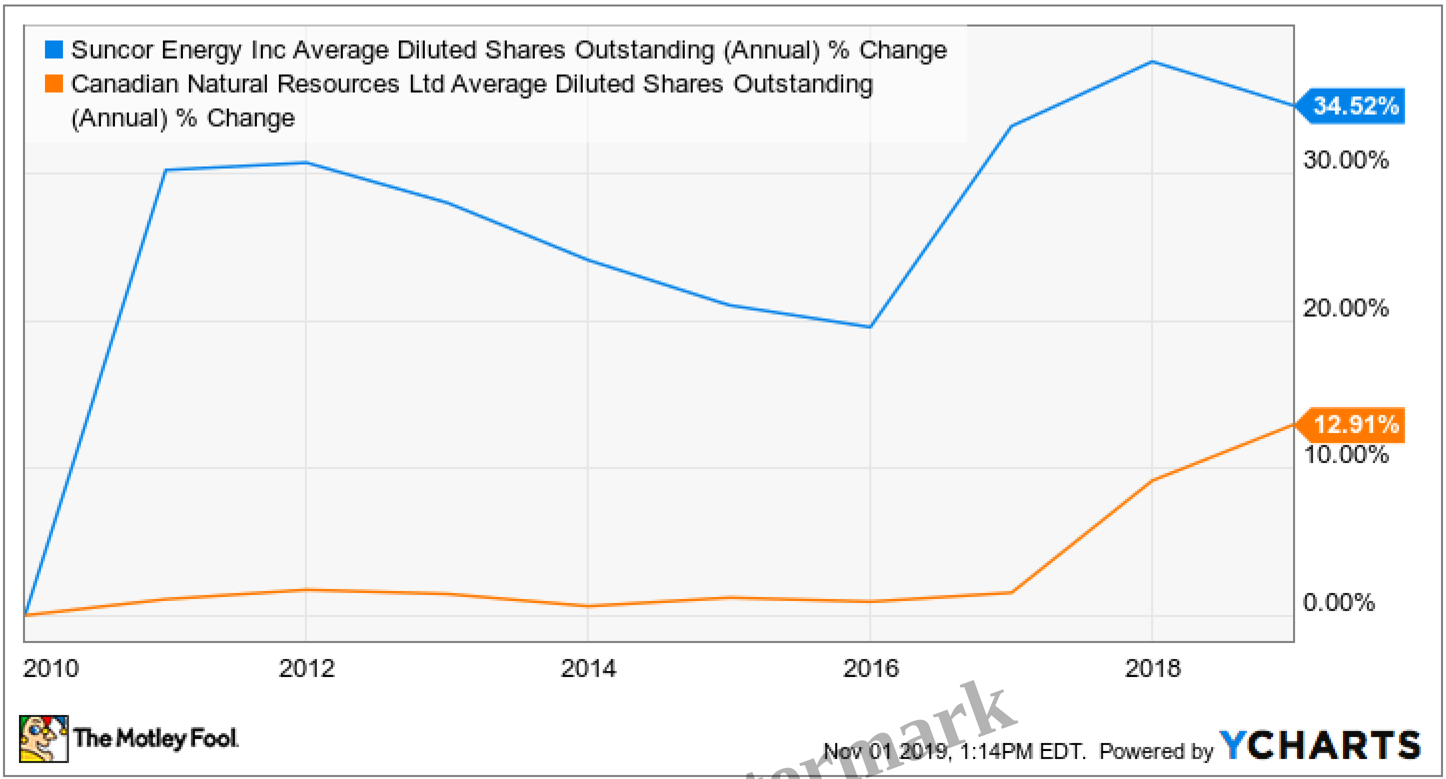
Canadian Natural Resources has a market cap of $40 billion. It's one of the largest and strongest oil and gas producers in Canada. It produces about one billion barrels of oil equivalent per day!

In the trailing 12 months, Canadian Natural Resources generated nearly $8.9 billion of operating cash flow, of which $4.2 billion was invested to maintain and grow the business, leaving more than enough cash to buy back $1.5 billion of common stock and pay more than $1.6 billion of dividends.

Canadian Natural Resources's dividend track record is even more incredible than Suncor's. CNQ has raised its payout for 18 consecutive years with a five-year dividend-growth rate of about 18%!

Currently, the solid company offers a safe yield of 4.4%. Its share-buyback program will help support its stock price. What investors need to do is to aim to buy CNQ stock when it's attractive. The 12-month average analyst target is $44.70, or almost 33%, which would be awesome!

Food for thought



Average diluted shares outstanding (annual) data by YCharts. The 10-year share count change.

Interestingly, the share counts of both stocks have gone up, despite share buybacks, which makes it all the more important for investors to aim to buy low and sell high, despite the companies' solid cash flow generation and dividend payments.

Stay hungry. Stay Foolish.

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