



Forget Weed Stocks! 3 Get-Rich Plays that Already Make Boatloads of Cash

Description

Hi there, Fools. I'm back again to highlight three companies that generate boatloads of cash flow. As a quick reminder, I do this because cash flow is used by management teams for shareholder-friendly moves such as:

- paying hefty dividends for [income-seeking investors](#);
- buying back shares at depressed prices; and
- growing the business without having to take on too much debt.

While speculating on small-cap cash burners can be profitable over the near term, buying into [high-quality cash producers](#) remains the most prudent path to wealth.

So if you're looking for a way to recession-proof your TFSA in 2020, this list might be a good place to start.

Real deal

Leading off our list is retail real estate giant **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)), which has generated \$527 million in operating cash flow over the past 12 months.

Investing in retail might feel like a risky move amid the ever-growing popularity of e-commerce, but RioCan's scale (225 properties representing about 40 million square feet) and experience is worth looking into. In the most recent quarter, funds from operations (FFO) clocked in at a solid \$143 million.

More importantly, the FFO payout ratio remains at a comfortable 77%.

"In the third quarter, we continued to make great strides towards our long-term strategic goals, both in terms of our major market strategy and residential strategy," said RioCan CEO Edward Sonshine.

RioCan currently offers a healthy dividend yield of 5.3%.

Chugging along

Next up, we have railroad giant **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)), whose trailing 12-month operating cash flow clocks in at \$2.9 billion.

CP's massive network rail network (about 12,500 miles), highly regulated operating environment, and stable nature should continue to support strong long-term cash flows. In the most recent quarter, CP posted a record low operating ratio of 56.1% on record quarterly revenue of \$1.98 billion.

Moreover, the company repurchased an impressive \$471 million worth of shares during the quarter.

"After a record second quarter that included strong operating metrics including train speed and terminal dwell, we continue to see those performance measures be improved upon," said CEO Keith Creel.

CP shares trade at a P/E in the low-20s.

Fortis of strength

Rounding out our list is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), which has generated \$2.6 billion in operating cash flow over the past 12 months.

Fortis' prolific cash flow continues to be supported massive scale (\$52 billion in total assets) and a diversified business model (electric, gas, and infrastructure). In Q3, for instance, adjusted earnings clocked in at a solid \$287 million.

Based on that operating momentum, Fortis raised the dividend by 6%, representing the 46th straight year of payout increases. More importantly, management doesn't expect that kind of dividend growth to slow anytime soon.

"In addition to announcing the fourth quarter dividend increase of 6.1% at Investor Day, we also announced that we extended our average annual dividend growth guidance of approximately 6% to 2024," said CEO Berry Perry. "Our steady growth profile coupled with our highly regulated transmission and distribution businesses gave us the confidence to extend our dividend guidance."

Fortis currently offers a solid dividend yield of 3.4%

The bottom line

There you have it, Fools: three cash cows worth considering.

As always, they aren't formal recommendations. Instead, see them as a starting point for further research. Even the most stable cash generators can suffer setbacks, so plenty of your own due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:FTS (Fortis Inc.)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

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