Which Canadian Companies Are Protecting Their Dividend Yields?

Description

Consider the following three dividend-paying companies that have strategic plans in place to foster company and shareholder returns:

1. Canadian Imperial Bank of Commerce

With a current dividend yield of 3.80%, **Canadian Imperial Bank of Commerce** (TSX: CM)(NYSE: CM) is taking a measured approach to growth under its new chief executive officer, Victor Dodig. Last week, he said, "Our shareholders should be prepared for a very common sensical, prudent approach to investing." He indicated that the bank's growth will mainly come from taking bank assets already owned and increasing profits their profits.

Canadian Imperial Bank of Commerce had a solid performance from its wealth management segment in Q3 2014, when that segment reported net income of $121 million. This represents an increase of $19 million, or 19%, from Q3 2013. The bank intends to build this segment in the United States. In 2013, the bank acquired American Century Investments and Atlantic Trust. In Q3 2014, wealth management revenue sat at $568 million, an increase of $110 million, or 24%, versus Q3 2013.

2. Canadian Pacific Railway Limited

With a current dividend yield of 0.63%, **Canadian Pacific Railway Limited** (TSX: CP)(NYSE: CP) is taking steps, legal ones, to protect its operations and sustain growth. This involves the issue of interswitching. With interswitching, customers (shippers) can claim a switch to a competing railway (if it is within 160 kilometres; previously the distance was 30 kilometres.) Shippers can do this under the new Fair Rail for Grain Farmers Act to get product moving that may be languishing on bottlenecked railway lines.

Railways believe this will hinder goods flow and cost Canadian jobs. As *The Globe and Mail* reported recently, "In court filings, CP said its cost to switch a car to a rival line is $825.00, but it can charge only the regulated rate of $461."

This legal action by Canadian Pacific against the Canadian federal government seeks to protect its operations and continue to foster growth. For Q2 2014, the company had total revenues of $1.681 billion, an increase of 12%. It had a 48% year-over-year improvement in earnings per share in Q2.

3. SNC-Lavalin Group

With a current dividend yield of 1.85%, **SNC-Lavalin Group Inc.** (TSX: SNC) has taken, in the words of Desjardins Securities analyst Benoit Poirier, “its first step toward becoming a top-tier player in the global resources sector.” The reason he said this was SNC-Lavalin’s acquisition of Kentz Corporation Limited in August. Kentz had a prospects pipeline of US$16.3 billion in April 2014, representing an increase of 19% versus April 2013.

A global engineering specialist solutions provider, Kentz operates in 36 countries. Its three segments are construction services, technical support services, and engineering and projects. This Kentz acquisition transforms SNC-Lavalin’s oil and gas capabilities, and increases its expertise for large and complex projects in the upstream, liquefied natural gas, shale gas and oil sands, pipelines, offshore jackets, and steam-assisted gravity drainage sectors. This acquisition creates a group with annual revenues of approximately C$10 billion.

These three companies are fostering growth and protecting assets in different ways. Each represents a quality opportunity to diversify and earn income as you build your portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:ATRL (SNC-Lavalin Group)
4. TSX:CM (Canadian Imperial Bank of Commerce)
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