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## 5 Stocks Making Cash

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December 30, 2009

Had Jerry Maguire been an investor instead of a fictional sports agent, he might have become famous for yelling, "Show me the cash flow!"

Earnings come and go, and the green-eyeshade types can legally manipulate it to mask a company's true operations. [Yet its ability to generate cash](#) -- what comes in the register and goes out the door -- remains the pre-eminent indicator of company's worth. In short, cash is king.

Below, we'll look at companies that have proven to be prodigious generators of [free cash flow](#) (FCF) -- the amount of money a company has left over that it could pay to its investors. We'll find companies with compounded free cash flow growth rates exceeding 25% annually over the past five years, then pair them with opinions from some of the more than 145,000 members of [Motley Fool CAPS](#) to see which ones might have the best chance of outperforming the market.

Company	Levered FCF 5-Year CAGR, %	<a href="#">CAPS Rating</a> (out of 5)
<b>Chesapeake Energy</b> (NYSE: <a href="#">CHK</a> )	33.6%	*****
<b>Dynamic Materials</b> (Nasdaq: <a href="#">BOOM</a> )	102.9%	*****
<b>Ebix</b> (Nasdaq: <a href="#">EBIX</a> )	63.8%	*****
<b>NETGEAR</b> (Nasdaq: <a href="#">NTGR</a> )	28%	*****
<b>ValueClick</b> (Nasdaq: <a href="#">VCLK</a> )	32.6%	****

Sources: Capital IQ, a division of Standard & Poor's; Motley Fool CAPS.

CAGR=compounded annual growth rate.

Generating copious amounts of cash doesn't make a company an automatic buy. But having looked at Enron's cash flows instead of its earnings would have [saved](#) many investors a lot of grief. Warren Buffett [understands](#) that the value of a company today is calculated by its discounted future cash flows, so use this list as a jumping-off point to dig deeper into the piles of cash.

### Ka-ching!

Has the natural gas industry been too successful? [Chesapeake Energy](#) has been one of the heavyweights tapping deposits in the shale formations of Haynesville, Barnett, Marcellus, and Fayetteville. New techniques for getting to these previously inaccessible pockets, such as directional or horizontal drilling, have opened them up. And high prices enticed more companies to enter the market.

Yet Chesapeake, **Devon Energy** (NYSE: [DVN](#)), and others have done such a good job of bringing natural gas to the surface that we're now awash in it. And it's not just here at home where this is a problem, it's a [worldwide phenomenon](#) now, too, with the International Energy Agency warning that a global "acute glut" of natural gas could develop. Depressed prices look like they're here to stay, because even Chesapeake's CEO says "the days of double-digit gas prices in the U.S. are over."

There does seem to be something of a wild card here, though. **ExxonMobil** (NYSE: [XOM](#)) has demonstrated its belief that natural gas is going to become even bigger by buying **XTO Energy**. You don't [commit \\$41 billion to a venture](#) unless you're fairly certain it's going to be very profitable down

the road.

Many investors agree we're not seeing the end of the natural gas industry as we know it, despite the doom and gloom we're hearing. CAPS member [karlwmler](#) writes that if what the naysayers said were true, [other energy-producing sectors](#) would be affected, too.

If the U.S. were awash in natural gas, we would shut down the coal industry, stop building wind farms and solar farms, and there would be no need for a comprehensive energy plan for the U.S. to gain energy independence. We would simply flat-line natural gas prices.

This will not happen anytime in the near future. Natural gas is a fuel of the future, but price volatility will rise, not fall and this is not a bad thing. It is a sign of a healthy, vibrant, and credible asset class, "natural gas

Almost 7,000 CAPS members have offered their opinion on Chesapeake's future, and 97% of them feel it's going to outperform the market going forward. Head over now to the [Chesapeake Energy CAPS page](#) to see why this natural gas leader is expected to be a long-term winning investment.

### **Follow the money**

While these stocks have left a trail of dollars, it pays to start your own research on [Motley Fool CAPS](#). Read a company's financial reports, scrutinize key data and charts, and examine the comments your fellow investors have made -- all from a stock's CAPS page. Why not head over to the completely free [CAPS service](#) and let us hear what you have to say about these or any other stocks with good cash flow.

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