What Makes Fortis Inc. and Rogers Communications Inc. Two of Canada's Best Dividend Stocks?

Description

Quality dividend stocks in Canada can be very hard to find. Sure, there are some that have very high yields (mostly from the energy sector), but these tend to be very dicey. These dividends are often too high for the company to afford and are vulnerable to getting cut, especially with today's low energy prices.

Instead, you should be searching for companies that can thrive in any economic environment. You should also be searching for dividends that aren't too high for the company to afford.

Two stocks in particular, **Fortis Inc.** (TSX: FTS) and **Rogers Communications Inc.** (TSX: RCI.B)(NYSE: RCI), are perfect examples. Below, we take a look at each.

Fortis: A rock-solid utility

Fortis is Canada's largest investor-owned distribution utility and also one of Canada's safest investment options. This is mainly because we all need to keep the lights on, even when times are tough. And this shows up in Fortis's long-term track record. In fact, the company has raised its dividend every year for over four decades!

And this trend is set to continue. Analysts expect the company to make $1.66 per share this year and $1.99 per share next year. Meanwhile, the company pays only $1.28 per share per year in dividends. So there's plenty of room for more increases.

Remarkably, its dividend yields a very healthy 3.6%. This is a very high number for such a stable payout. So Fortis would make a great part of any dividend portfolio.

Rogers: Steady as she goes

The headlines have not been kind to Rogers as of late. Since Guy Laurence took over as CEO less than a year ago, the company has lost subscribers, it's seen earnings shrink, and its stock price has declined by nearly 10%. Yet over this time, its revenue has remained remarkably consistent, coming in between $3.2 billion and $3.3 billion in four out of the last five quarters.

This is the nature of Canada's Big 3 telecommunications providers, where revenue comes from subscription-based services. Better yet, competition is limited and barriers to entry are high. So this helps make revenue and earnings particularly smooth, even for a struggling company like Rogers.

And the dividend is perfectly safe. To illustrate, the company is expected to make roughly $3.00 per share this year and next — meanwhile, its dividend only totals $1.83 per share. Better yet, there are reasons to like Rogers longer term. The company has some tremendous assets, and has bolstered them recently by securing a $5.2 billion NHL broadcasting deal, as well as a large swathe of spectrum in Canada's last wireless auction.

Best of all, the dividend yields a respectable 4.3%, even better than Fortis. This opportunity is too good to pass up.

That being said, there are other dividend stocks you should consider as well. Three are detailed in the free report below.

CATEGORY

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1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)

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