



Fortis Inc. and Telus Corporation: 2 Must-Own Dividend Growth Stocks for 2015 and Beyond

Description

These days, finding reliably growing dividends can be challenging. So many of our largest companies are tied to cyclical sectors, or are not properly managed, or pay out unsustainably-high dividends. There are some attractive dividend payers, but these companies are very popular (and thus can be pricey).

That being said, as we head in 2015, there are two companies – each with growing dividends – that you should consider for your portfolio. Each name has a solid business model, and a dividend you can count on to grow for years to come.

1. Fortis

Fortis Inc. ([TSX: FTS](#)) is a leader in electric and gas utilities in North America, with total assets over \$25 billion.

Importantly, over 90% of these assets are in regulated industries, which helps keep revenue and earnings nice and smooth. Better yet, the company's operations are well spread out, with nine different facilities across Canada, the United States, and the Caribbean.

The company is well-financed, with an A- credit rating (consistent with its target), and minimal debt repayments due in the next five years. So the company's dividend should remain very safe.

Best of all, Fortis has an excellent track record. Over the past 10 years, its shares have returned 12.6% per year, easily outperforming the Canadian and American utilities indices. Looking back even further, the company has raised its dividend every year for 41 years, tops among all public corporations in Canada.

Today, you can earn a 3.3% yield by investing in Fortis shares. Compare that with the 2% return you'd get with 10-year Government of Canada bonds — and the bonds' interest payments won't grow like Fortis's dividends have.

2. Telus Corporation

If you're looking for rock-solid dividends, the big 3 telecommunications providers are a great place to look. Like Fortis, they operate in a heavily-regulated industry, one with high barriers to entry and predictable revenue. What more could dividend investors want?

Also like Fortis, **Telus Corporation** ([TSX: T](#))([NYSE: TU](#)) is the best-in-class player in its industry. It has been doing a better job adding wireless subscribers than its competitors, and has also done a better job keeping them happier. As a result, it has been growing revenue faster than its peers.

And Telus's dividend has been growing at a torrid pace. In fact, it's quadrupled over the past 10 years. By comparison, **BCE's** dividend has barely doubled. Telus also pays out a much lower percentage of cash flow to shareholders than BCE does. So further dividend increases at Telus can be counted on.

And once again, Telus offers a dividend yield much better than bonds, currently standing at 3.7%. It's just too good to pass up.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:FTS (Fortis Inc.)
3. TSX:T (TELUS)

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