



## Which Is the Better Dividend Stock: Telus Corporation or Fortis Inc.?

### Description

If you're looking for quality dividend stocks, **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Fortis Inc.** ([TSX:FTS](#)) are two great names to start with. But which dividend should you prefer?

#### The case for Telus

Telus is easily one of Canada's dividend stocks for a number of reasons.

First of all, the company faces very limited competition and is protected by high barriers to entry. This helps ensure that profits will stay nice and steady.

Secondly, Telus is especially well liked by its customers. This is reflected by the company's industry-leading 0.86% postpaid wireless churn rate (which measures the percentage of subscribers who leave in an average month). Impressively, Telus achieved such a number when subscribers gained more freedom to leave thanks to new regulations regarding wireless contracts.

Unsurprisingly, Telus has been stealing market share and should continue to do so. This will help further grow revenue, earnings, and the dividend.

Best of all, Telus has an outstanding track record of dividend growth. Just in the past decade, its dividend has more than quadrupled. I wouldn't expect such fast growth over the next 10 years, but the dividend should still increase more than enough to justify its 3.7% yield.

#### The case for Fortis

Fortis may be Canada's most boring stock, and that's a compliment.

The company is a leader in North American electricity and gas distribution, serving approximately 3.1 million customers through nine utilities. Crucially, 93% of its assets are in regulated markets, ensuring that pricing is very predictable. As a result, revenue tends to stay very smooth—perfect for a paying a steady dividend.

In fact, Fortis has raised its dividend every year for 42 years, a record for a Canadian public corporation. And there's plenty of room for Fortis to raise the dividend further. Last year the company earned \$1.81 per share, yet the quarterly dividend stands at only \$0.34 (which works out to \$1.36 per year).

Like Telus, Fortis has a respectable dividend yield; it's currently at about 3.6%. It's certainly not bad for such a steady performer.

### **The verdict**

Both dividends yield about the same, and have plenty of room for further growth. But at this point, I would have to give the nod to Telus simply because it has much greater growth opportunities. But there's nothing wrong with holding both names.

If you're looking for more solid dividend stocks, be sure to check out the free report below.

### **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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