



## Has This Dividend-Growth Giant Forgotten About its Customary Dividend Raise?

### Description

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is an electric and gas utility holding company that has established itself as a consistent and reliable dividend-growth king for the past 43 years, and its annualized dividend yield currently stands at a good 3.57%.

Over the past three years, the company has announced its quarterly dividend during the months of February, May, September, and December, and this was the case during 2015 and 2016.

Actually, Fortis usually announces its fourth-quarter dividend during the last week of September, during which a customary dividend raise is also announced.

However, at the time of writing, there is still no announcement from the utilities giant of a December dividend.

Has the dividend-growth giant forgotten about its unofficial dividend announcement calendar?

It is a common shareholder behavioural trait, especially for new investors in a stock, that when they anticipate something from a stock, especially a customary dividend announcement that usually coincides with an anticipated dividend raise, tensions may begin to rise after an unexplained delay.

This tension could be worsened by the recent sad news of some damages to Fortis's power-distribution assets on Turks and Caicos Islands by Hurricane Irma in early September; an emergency recovery team had to be deployed from FortisAlberta to help restore power to the troubled territories.

There could have been some significant costs incurred in power-restoration efforts after Hurricane Irma's strike, and things could be somehow worse if the assets were not insured against this magnitude of damage.

However, even if that were the case, I strongly believe that investors may need not worry much about a lapsed customary dividend announcement date or a dividend paycheck increase from Fortis.

## Why shouldn't investors worry?

Fortis takes so much pride in its dividend-payment history of the past 43 years, and I don't see this utilities giant making a dent on that clean sheet any time soon.

In fact, Fortis expects to grow its dividends on average by 6% through 2021. While this guidance was given prior to the latest hurricane damages, the dividend-growth giant has religiously maintained its dividend policy, independent of earnings.

Fortis is not likely to start disappointing its loyal income investors now, when some companies even borrow to maintain their dividend policies and keep shareholders happy. What's more, Fortis's economic fundamentals look well intact, with a safe dividend-payout ratio averaging 66% since 2015.

Fortis increased its quarterly dividend by 6.7% to \$0.40 a share on September 28, 2016, after another 10.3% dividend increase from \$0.375 had been announced on September 30, 2015.

I anticipate a 6% dividend increase payable December 1, 2017, to be announced any time from this first week of October, even after Hurricane Irma may have negatively affected Fortis's cash budget for the year.

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