



## A Top Dividend Stock That's on Sale Today

### Description

It's hardly a secret that Canadian utility companies have fallen out of favour with investors. [Rising interest rates](#), volatility in the stock markets, and some stock-specific issues have kept their prices depressed for almost a year now.

These stocks, however, have a few things in common. They offer high yields, growing dividends, and stability, which is very important for long-term investors.

If you're an income-focused investor who's planning to hold over the long term, then this is probably the best time to grab some bargains in this sector. Let's have a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) stock to find out whether this top dividend player offers some value.

### Fortis Inc.

St. John's-based [Fortis](#) has \$48 billion in assets with good geographical diversification. The company provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The company's latest earnings showed that the U.S. accounts for 59% of its regulated earnings, Canadian 38%, and Caribbean 3%.

Following in the footsteps of other utilities, Fortis' share have fallen about 7% this year. This pullback means that the company's dividend yield has become more attractive to investors. Trading around 4% at the time of writing, Fortis' dividend yield is a little better than its average yield of 3.8% since 2000.

Since the company announced its fourth-quarter earnings, its stock has staged a nice rebound, recouping almost half of its losses for the year. Investors probably got some encouragement from the latest quarterly earnings, which showed the company's acquisition of ITC Holdings Corp., a Michigan-based electricity transmission company, had begun to pay off. Fortis joined Singapore sovereign wealth fund GIC Private Ltd. to acquire ITC for US\$11.3-billion. GIC owns about 20% of ITC and Fortis owns the rest.

Fortis said the ITC deal helped increase cash flow from operating activities, which rose 46% to \$2.8 billion in the quarter. The company reported net earnings attributable to common equity shareholders of \$963 million for 2017, or \$2.32 per share, up from \$585 million, or \$1.89 per share, for the previous year.

### **Why Fortis stock is a good pick?**

When picking a dividend stock, one important consideration should be how often you'll get a raise in your income. More dividends mean you'll be able to re-invest to buy more shares and thus multiply your wealth quickly.

With a dividend yield of 3.98% and about 6% expected growth in its annual dividend payouts through 2021, Fortis stock is a solid addition to your portfolio.

Amid growing dividends, you also need some stability in your return. Fortis has done a good job returning cash to its investors. The company has increased its dividend payout for 44 consecutive years.

Trading at \$42.66 at the time of writing with a forward price-to-earnings multiple of 15.98, Fortis stock is selling cheap and offers a good value to long-term investors.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

### **PARTNER-FEEDS**

1. Msn
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