



1 Dividend Stock to Buy and Hold Forever

Description

When looking to buy dividend stocks, it's important not to be swayed solely by how high a company's dividend yield is.

Of course, high yields matter to some extent, but what's equally important — or arguably even more important — is whether the firm in question can keep increasing its earnings, or at least keep them afloat, which will lead to constant increases in its dividend payouts.

By contrast, high dividend yields that aren't supported by strong earnings increases inevitably lead to the company decreasing its dividend payments, a nightmare for income-oriented investors.

Here is one company that looks poised to deliver strong dividend growth for many years to come: **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)).

A sustainable business model

Fortis is one of the largest utility companies in North America, but the firm also possesses operations in the Caribbean. Fortis serves well over three million customers in these markets.

As the company is a regulated utility company, relevant governmental authorities have a say in how much it charges for its services, among other things. However, this also means the company's revenues are very stable and predictable, which is obviously a good thing.

Further, given the nature of its services, Fortis' bottom line isn't likely to lose a significant number of customers because of adverse economic conditions. In short, the company can continue racking up strong financial results throughout the entire business cycle.

Fortis has done a great job of growing its assets recently, which have almost doubled over the past five years alone. The firm's customers has also been on a solid upward trajectory, which was helped by several strategic acquisitions by the company.

This has resulted in Fortis' earnings per share delivering a compound annual growth rate of 8.1% since 2014. The company's latest massive capital plan focuses on "supporting a cleaner energy future."

This entices investments into wind and solar energy facilities (among others) that will provide environmental benefits such as a decrease in CO2 emissions.

Green energy is [increasingly taking the centre stage](#) and is often hailed as the future of the energy industry. Fortis is looking to prepare itself to profit from this future.

Dividend history

Fortis currently offers a juicy dividend yield of 3.49% (at writing). Over the past 10 years, the company's dividends have grown at a nice clip, increasing by 73% over this period, or an average of about 7% per year.

Fortis plans on maintaining a similar growth pattern for the foreseeable future, with a guidance of 6% dividend growth through 2023.

Though the company's payout ratio is a little high at 68.90%, that ratio is fairly typical of companies in its industry. Given the Fortis' recent dividend history, investors who decide to purchase shares of the utilities firm can be reasonably confident that they will be rewarded with constant dividend increases.

The bottom line

Fortis offers a mix of stable revenues, a growing business and clientele to support keep earnings afloat and a juicy dividends that will likely increase constantly for years. Income-seeking investors would do well to consider adding this utility company to their portfolios.

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