Like Fortis (TSX:FTS)? Then You'll Love These 3 Dividend-Growth Stocks

Description

There's a lot to like about **Fortis Inc** (TSX:FTS)(NYSE:FTS), Canada's largest utility stock.

After accumulating sizeable power and natural gas utility assets across Canada, Fortis turned its attention to the U.S. It went on an acquisition spree down south, collecting significant assets over the last few years. Unable to find additional acquisition candidates, Fortis has now turned its attention inward, focusing on funding its own internal growth projects.

Steady growth isn't the only thing investors like about Fortis. They also enjoy the company's relatively steady stock price, its predictable earnings, and its stellar record of dividend growth. Fortis has one of the longest dividend growth streaks in Canada, increasing its annual payout each and every year since the early 1970s. That's a streak approaching 50 years. The current dividend yield is still a robust 3.4%.

If you're a fan of Fortis because of these qualities, I have a treat for you today. I'm going to profile three other stocks that offer very similar investment choices, all with their own perks. Let's take a closer look.

Capital Power

Capital Power Corp (TSX:CPX) is one of the TSX's most underrated stocks – at least in my opinion.

The power producer has done a masterful job of diversifying away from coal-fired power in Alberta, using compensation payments from the province to convert assets into natural gas-fueled. It has also been on a buying spree, either developing or acquiring plants across North America. Its latest acquisition, a natural gas plant in Ontario, will immediately add to the bottom line.

Despite this growth mindset, Capital Power still trades at the valuation of a deep value stock. Shares currently trade for just over $31. The company expects to earn approximately $4.50 per share in adjusted funds from operations in 2019. That gives us a valuation of less than 7 times, which is much cheaper than the average stock in the sector. It isn't very often investors get this combination of growth and value; it's why I purchased shares in my TFSA.

Finally, Capital Power offers a succulent 6.2% yield, a payout easily covered by cash flow. The company has pledged to increase its payout by 7% annually through 2021, adding to its already decade-long streak of dividend growth.

Rogers Communications

If you're looking for dividend growth potential in the telecom space, look no further than **Rogers Communications Inc** (TSX:RCI.B)(NYSE:RCI), which is poised to really start boosting its payout to shareholders over the next couple of years.

Rogers has focused on decreasing debt and investing in its operations over the last few years in an attempt to strengthen its overall business. It has worked pretty well; revenue shot up 5% in 2018, while EBITDA was up nearly 10%. Its dividend payout ratio fell under 50% of free cash flow, while its two largest competitors pay closer to 80%–90% of their free cash flow back to shareholders.

This should translate into excellent dividend growth going forward. Rogers is poised to increase its dividend in the 10% range annually for years to come, versus the much smaller raise potential of its two largest competitors. The current yield is just over 3%.

Smartcentres REIT

Smartcentres REIT (TSX:SRU.UN) offers investors the perfect combination of boring rent payments made on **Walmart**-anchored retail spaces and an ambitious development plan that has the potential to transform the company.

Let's start with that development plan. Smartcentres has identified dozens of properties that can be successfully redeveloped into mixed-use facilities. Its Vaughn Metropolitan Centre project, for example, will take years to finish and add some five million square feet of space by the time all the various stages of the project are done. In total, Smartcentres plans to add some 20 million square feet to its existing portfolio, expanding the REIT's total leasable area to approximately 55 million square feet.

The company has also entered into joint ventures to enter other parts of the real estate market, including seniors' housing and self-storage facilities.

While investors wait for the development plan to really increase the bottom line, they're treated to a 5.5% dividend, a payout that has been increased annually since 2015.

CATEGORY

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TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RCI (Rogers Communications Inc.)

3. TSX:CPX (Capital Power Corporation)
4. TSX:FTS (Fortis Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)
6. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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