



## Fortis Inc. Offers a Solid 4% Yield

### Description

If you're looking for consistent dividends, you've come to the right place. Utilities typically pay stable dividends. This utility in particular has grown its dividend for over 40 years, and it looks like it'll continue to hike it.

**Fortis Inc.** ([TSX:FTS](#)) is a leading North American utility. It's primarily regulated; 96% of its assets are regulated (70% electric and 26% gas).

Being a regulated utility means that its returns are capped, but stable. So, Fortis adds stability to any portfolio.

### Low-risk business

Fortis's regulated assets are diversified across multiple jurisdictions, further reducing risk. Fortis doesn't own more than one-third of assets in any jurisdiction.

Its UNS Energy assets, which make up 32% of assets, are in Arizona. FortisBC, which makes up 30% of assets, is in British Columbia. FortisAlberta, which makes up 14%, is in Alberta. Central Hudson, which makes up 11%, is in the New York state.

### Accomplishments of the past year

In the past year, Fortis has successfully integrated UNS Energy, which is accretive to earnings per share. Fortis also completed the Waneta Expansion Project, a two-unit 335-megawatt hydroelectric power plant, which is the largest capital project in Fortis's history.

Fortis sold its non-core real estate portfolios of commercial and hotel properties for \$795 million in total. Further, it sold non-core hydroelectric-generating assets for \$93 million.

Just this month, Fortis entered an agreement to acquire gas infrastructures in British Columbia for roughly US\$266 million. Specifically, Fortis is acquiring Chevron Canada Properties Ltd.'s share of the Aitken Creek Gas Storage Facility.

This facility is the only underground gas storage facility in BC that offers storage to third parties. Additionally, the facility is an integral part of western Canada's natural gas transmission network, which would benefit Fortis as proposed LNG export projects are completed.

## **Dividend**

As Fortis is investing and growing, it continues to reward shareholders in the form of dividend growth. In fact, Fortis has increased its dividend for 42 consecutive years. It even increased the dividend two times this year.

As a result, its quarterly dividend of 37.5 cents is 17.2% higher than a year before. Going forward through 2020, Fortis targets a dividend-growth rate of 6% per year.

## **Conclusion**

Fortis offers income consistency. It also has a strong financial profile. S&P has awarded it with a credit rating of A-, and Fortis's debt-to-cap ratio is 50%. If you're looking for a decent yield of 4% that grows 6% per year, you should consider Fortis.

The only downside, if you ask me, is that the shares are fully valued at about \$38. Investors should decide whether or not they're willing to pay a full price for a high-quality business with a stable dividend. Alternatively, you can wait for a price dip to, say, about \$36 before buying.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:FTS (Fortis Inc.)

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/08/26

## **Date Created**

2015/12/17

## **Author**

kayng

default watermark