



Why Fortis Inc. Is 1 of the Best Kept Secrets on the Market

Description

There's no shortage of companies to invest in. Investors often look for the best options to meet their portfolio goals and often wind up adding some of the more popular companies that everyone knows.

Fortis Inc. ([TSX:FTS](#)) is a company that lacks much of the fanfare of most companies. It is a utility company, and the service that Fortis provides is one that is taken for granted and often overlooked by investors.

As boring as Fortis is portrayed, investors really should take a look at it in more detail as the benefits of adding this company to a portfolio could be lucrative.

Here's a look at why Fortis should be part of your portfolio.

Growth prospects

Fortis grows at a relatively slow rate with few announcements or innovations. In other words, many investors view Fortis as a boring stock with lower growth prospects than the myriad of well-known stocks on the market.

That's not to say Fortis can't be a growth machine.

Fortis has made some fairly large acquisitions recently. The purchase of **ITC Holdings Corp.** (TSX:ITC)—a deal worth an estimated US\$11.3 billion, including US\$6.9 billion in cash—is a prime example.

ITC is a pure-play transmission company that overlaps nicely with Fortis's own coverage, and the deal will result in Fortis gaining eight states as customers. The value of the company will skyrocket to \$42 billion, making Fortis one of the largest utility companies in North America with over 25,000 km of transmission lines.

One of my favourite aspects of Fortis is the dividend. Fortis's dividend is currently set up as a quarterly payout of \$0.38 per share, giving the stock a very respectable 3.72% yield.

The company has consistently raised the dividend for 43 years straight. Year 44 is likely just around the corner as the company plans a 10.3% increase for September.

Quarterly results show promise of more growth

In the most recent quarter, the company posted an adjusted net income of \$190 million, representing a 6.1% increase over the same period last year. Similarly, adjusted earnings per share also saw an increase in the quarter, coming in at \$0.67 per share, representing a 3.1% increase of the same quarter last year.

Cash flow from operating activities increased by an impressive 7.3% and total assets bumped up by 1.7% to \$28.02 billion. Total revenue came in lower at \$1.76 billion, an 8.3% decrease over the same quarter last year.

For investors looking for a stock that will provide a steady and profitable operation with an increasing dividend, there are few other options that can meet what Fortis provides. Investors seeking long-term growth in particular will be pleased with the performance of the stock, as will those investors looking to add a viable dividend stock.

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1. Investing

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1. Editor's Choice

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1. TSX:FTS (Fortis Inc.)

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Author

dafxentiou

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