



## Why Fortis Inc. Is a Great Long-Term Investment

### Description

One of the most underrated and often overlooked areas of the market is utility companies.

Utilities have long been viewed as boring investment options with little growth prospects beyond the natural organic growth of the community the utility serves, or the replacement of aging facilities with more efficient ones.

From a revenue standpoint, utilities typically draw in revenues from regulated contracts that can span upwards of 20 years. While this makes for a steady stream of revenue that is unlikely to change, it leaves little room for the utility to grow.

Fortunately, there are some utilities on the market that not only have significant growth prospects but also provide investors with handsome dividends.

Here's a look at one such utility that should be a core part of any portfolio.

### Meet the not-so-boring Fortis Inc.

You can't mention a great utility investment without including **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)). Fortis is one of the largest utilities on the continent with facilities in five provinces, nine U.S. states, and three separate Caribbean countries.

What really sets Fortis apart from the competition, however, is the nearly insatiable appetite that Fortis has to grow. Thirty years ago, Fortis had under \$300 million of assets. Today, that figure stands at just shy of \$50 billion. One of the main reasons for that incredible growth has been due to a series of acquisitions that have not only increased Fortis's footprint, but also provided an avenue for further dividend growth.

Fortis's acquisition of ITC Holdings last year was a US\$11.3 billion deal that opened seven U.S. state markets to Fortis. The deal propelled the company into a list of the largest utilities on the continent and is set to provide at least 6% growth annually through 2021,

The ITC deal was the largest of Fortis's acquisitions, but it's certainly not the only one. The company announced just this month that it is purchasing the remaining two-thirds of the Waneta dam in British Columbia for \$1.2 billion.

In terms of a dividend, Fortis provides a quarterly dividend of \$.40 per share, which translates into a very respectable 3.68% yield. Investors looking for a long-term opportunity from Fortis will take solace in the fact that Fortis has increased the dividend consecutively for over 40 years, and that trend doesn't appear to be ending anytime soon.

### **Is Fortis a good investment?**

Fortis has plenty of upside – strong growth prospects, an aggressive mindset towards expansion, a dividend that has been hiked every year over the past four decades, and a strong balance sheet.

The dividend alone makes Fortis a great investment, particularly if those dividends are reinvested over the long term. Once you add in the incredible growth and future earnings potential to the mix, Fortis begins to resemble what could be the ultimate buy-and-forget stock that should be a core part of every portfolio.

### **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
2. Newscred
3. Yahoo CA

### **Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **Date**

2025/07/28

### **Date Created**

2017/05/20

### **Author**

dafxentiou

default watermark