



A Top Canadian Dividend Stock to Own in a Market Downturn

Description

Fears of a trade war between the U.S. and China are starting to make the market nervous, and investors are wondering which stocks might be [conservative picks](#) to ride out some potential volatility.

Let's take a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) to see why it might be an interesting choice.

Attractive assets

Fortis owns natural gas distribution, electric transmission, and power generation businesses in Canada, the United States, and the Caribbean.

The company has grown over the decades through strategic takeovers and organic developments and is now one of the top 15 utilities in North America. The largest acquisitions in recent years occurred in the United States, including the US\$4.5 billion purchase of Arizona-based UNS Energy in 2014, and the US\$11.3 billion deal to acquire Michigan-based ITC Holdings.

In total, the company has 10 utility operations, \$49 billion in total assets, and 3.2 million utility customers.

Capital plan

Fortis is working through a \$15.1 billion capital program that is expected to boost the rate base to \$33 billion by 2022, representing a five-year compound annual growth rate of 5.4%.

In addition, the company is evaluating organic growth opportunities at a number of its businesses, including the ITC Lake Erie Connector Project, gas infrastructure development at FortisBC, and renewable energy investments in Arizona.

Dividend outlook

Fortis anticipates the long-term sustainable growth in the rate base will drive earnings higher and support steady dividend increases of about 6% per year through 2022.

Fortis has raised the payout every year for more than four decades, so investors should feel comfortable with the guidance.

At the time of writing, investors can pick up a [yield](#) of 4.1%.

Earnings

Fortis reported Q1 2018 adjusted net earnings of \$293 million, or \$0.69 per share, compared to \$287 million, or \$0.71 per share, for the same period last year. UNS Energy delivered a strong performance, and ITC continues to generate results in line with expectations.

The company said its operations are returning to normal in the Turks and Caicos Islands after the damage sustained by Hurricane Irma. Fortis restored electricity to its customers within 60 days.

A revenue drop occurred during the post-Irma months, but Fortis expects to recoup most of the losses through its business interruption insurance.

Should you buy?

Fortis gets most of its revenue from regulated assets, meaning cash flow should be predictable and reliable. In addition, instability in global financial markets should have a limited impact on the company, given the nature of its business.

If you are looking for a buy-and-forget dividend stock to add to your portfolio, Fortis deserves to be on your radar today.

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Date

2025/08/12

Date Created

2018/06/20

Author

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