



## Is Fortis Inc. (TSX:FTS) a Reliable Dividend Stock to Ride Out a Market Downturn?

### Description

The current bull market is one of the longest in history, and while the [good times](#) could continue to roll along for several years, investors should prepare themselves for the next pullback.

Trade wars, a bursting debt bubble in China, or an ugly Brexit result could trigger the next market downturn. Given the extent of the rally since the Great Recession, it is reasonable to expect that the next dip could be significant.

This is why it's important to ensure the portfolio holds top-quality companies that are leaders in their sectors and operate businesses that can take advantage of opportunities and emerge even stronger after a market correction.

With this in mind, let's take a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) to see if it deserves to be on your radar.

### Businesses

Fortis operates regulated utility businesses, including power generation and transmission assets, as well as natural gas distribution operations.

The company has grown from its humble beginnings as a small power provider in eastern Canada to become a leading utility in Canada and the United States with \$49 billion in assets and more than three million customers. As a result of large acquisitions made in recent years, the majority of the revenue now comes from the U.S.

### Growth

Fortis has a five-year capital program in place that will see the company spend more than \$15 billion. The end result is an expansion of the rate base to \$33 billion, representing a five-year compound annual growth rate of about 5.4%. In addition, Fortis is evaluating several organic development opportunities across its businesses, including renewable energy investments in Arizona, gas

infrastructure expansion in British Columbia, and the ITC Lake Erie Connector Project, which is a 1,000 MW underwater transmission line.

### **Dividend outlook**

The company anticipates cash flow growth will support dividend increases in the neighbourhood of 6% per year through 2022. Fortis has raised the amount it pays investors every year since the early 1970s, so investors should be comfortable with the outlook regardless of what might happen in the broader stock market.

At the time of writing, investors can pick up a [yield](#) of 4%.

### **The bottom line**

We don't know when the next major stock market correction will occur, but it will happen. Fortis is a good company to own in preparation for this event. Electricity and natural gas are essential to keep homes and businesses running, so the revenue stream is relatively shock proof, and Fortis tends to hold up reasonably well when stock markets hit a rough patch.

If you're looking for a top dividend pick, Fortis should be a solid buy-and-hold bet today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

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aswalker

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