



Is it Too Late to Invest in Fortis (TSX:FTS)?

Description

When there is a threat of a recession or economic slowdown, utility companies are safe investment options. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) in particular is the best in the utilities lot.

It shouldn't matter if some consider the stock overvalued. If you want a safe haven for your money, it's never too late to invest in a steady performer and dividend machine.

Dividend-growth leader

Fortis can match Canadian bank stocks in terms of stability and dependable dividend payments. This \$23.7 billion electric and gas utility company is the leader in dividend growth in Canada. For 45 years, Fortis has increased its dividend. The current dividend yield is 3.27%

The company can maintain this track record for the foreseeable future. Fortis has an active growth profile plus an extremely low-risk and geographically diversified energy-delivery business. You don't have to be anxious about the market's ups and downs, as most of the revenue comes from the regulated utility rates.

Enduring competitive advantage

Fortis's growth outlook stretches for decades, so you can expect continuous growth. It was announced recently that beyond 2019, the company is committed to its \$17.3 billion five-year capital plan. The details of the plan covering the period 2020-2024 will be presented on September 10, 2019, during Fortis's Investor Day.

For 2019, virtually all of Fortis's planned capital investments are in regulated businesses. Total capital spending would reach \$4.3 billion, and the company will use the capital for regulated investments in renewable energy, transmission infrastructure, and grid modernization.

An interesting development happened while the trade war between the U.S. and China is raging. Fortis

entered a two-year supply agreement to export 53,000 tonnes of LNG per year to China. The deal is very encouraging for the company and Canada's LNG export industry.

The deal is the first Canadian agreement to have LNG regularly shipped to China, and the volume is equivalent to heating 30,000 homes annually in B.C. The LNG supply was contracted through the newly expanded Tilbury facility.

Quality and value

The best investment choice is a company that can compound its value regardless of economic conditions. Fortis is not only a defensive and recession-free stock; it is a well-managed company with discernible long-term growth, which is fueled by a diversified, regulated utility asset base.

Many Canadians invest in the stock to [boost TFSA balances](#), [augment after-tax income](#), and supplement CPP payments. Passive investors receive a sustained income from the dividends while allowing the preservation of capital.

Final thoughts

When you're presented with an offer to invest in one of the top 15 utilities in North America, you don't pass it up. Fortis is an established operator in the regulated electric industry capable of delivering a reliable, safe, and growing income.

The returns might be as enormous when compared with the high-dividend payers on the market. However, Fortis is not the stock that will tank or cut dividends with every lousy news or dire economic predictions. You're in it for the steadily rising dividend and safe dividend payout.

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