3 Fortis (TSX:FTS) Earnings Numbers You Shouldn't Miss

Description

Fortis (TSX:FTS)(NYSE:FTS) earnings results came out this morning. It was a quarter that went as expected: quite smoothly. It was a quarter that saw 3.7% earnings growth. This, in a sea of negative surprises and pressures, stands out.

Fortis earnings were once again an example of stability and fortitude. This comes as a result of its business as well as its business practices. This morning, Fortis held its second-quarter conference call. Management highlighted many of the company's strengths on the call.

Here are three numbers you shouldn't miss.

Fortis's EPS increased 3.7% to $0.56

In the second quarter, adjusted EPS increased to $0.56. This increase is despite a $0.03 hit due to the coronavirus. It is also despite a $0.04 hit due to an increased share count. Increases in residential sales and rate base growth were the drivers of this increase.

Second-quarter results are a testament to Fortis's defensive business. A large portion (over 80%) of its revenue is regulated or residential, which leads to consistency. But even its unregulated business has done well. Sales increased 3% at utilities not protected by regulatory mechanisms. Residential sales drove this increase, as weather in Arizona boosted energy demands.

So, as expected, commercial and industrial sales were weak, offset by higher residential sales. Businesses shut down, and people remained home, so this shift happened. This is a very important point. It means that even if shutdowns linger, Fortis's earnings will remain strong.

Fortis has $5 billion in total liquidity

Liquidity is always important. It is essential for a company to have the ability to easily cover its short-term liabilities and debts. This provides a much-needed safety net. Today, liquidity is even more important

, because the coronavirus pandemic has caused severe interruptions in the economy. And it has caused liquidity concerns for many.

Although Fortis's business has been mostly sheltered from the impact of the pandemic, the macro environment is more risky for all. Even Fortis, a North American leader in the regulated gas and electric utility industry, can be hit. This is why it is such an advantage that Fortis has $5 billion in total liquidity. It leaves the company well covered to withstand potential hardships and setbacks. We don't have to worry about Fortis's survival.

Fortis has always ensured that it has ample liquidity and balance sheet strength. It is its conservative way of doing business that was always important, but especially so in hard times. Even in the second quarter, Fortis was able to successfully issue $2 billion in debt. Fortis even issued $200 million, 30-year debt at a 2.54% interest rate. In a move to take advantage of record-low interest rates, Fortis secured this historic deal.

The company is ready for the potential challenges ahead.

The $4.3 billion capital plan for 2020 is on track

Fortis's capital plan for 2020 remains on track. Its five-year capital plan of $18.8 billion also remains on track. Much of this capital plan is highly executable and low risk. This means money spent on asset resiliency and modernizations. These plans are expected to facilitate a 6.5% compound annual growth rate in Fortis's rate base up to 2024.

Fortis is also thinking long term. With a goal to reduce emissions by 80% by 2035, significant dollars will be spent here. In fact, more than 70% of the capital plan is dedicated to "asset resiliency, modernization, cleaner energy initiatives."

Foolish bottom line

In conclusion, Fortis is in a great position right now, both financially and strategically. The company is able to survive and thrive, even in this crisis. The company is also able to invest for the future. The three numbers you should know from Fortis's earnings all relate to this.

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karenjennifer