



## Market Crash 2020: Why Fortis (TSX:FTS) Stock Is a Buy Amid Macro Uncertainty

### Description

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a Dividend All-Star on the **TSX**. To qualify for a spot on the Dividend All-Star list, a company has to raise its dividend payout for five consecutive years. Fortis has raised it for 46 years straight! The company's investors eagerly wait for September and October as these are the months where Fortis typically announces its increased dividend payout for the year.

Over the last decade, these announcements have seemed more like a formality given the company's growth rate. However, this year will be a true test of the company's capabilities. Last year, Fortis made the announcement on September 10. This year, the company might delay it a little.

Fortis is holding a five-year outlook meeting on September 23, and we can expect an announcement around the same time. But will the announcement be music to investors' ears or another disappointment in a year already so full of them?

### Second-quarter announcements

According to Fortis' current five-year plan, dividend payouts are going to increase by 6% every year until 2024. The company issued two statements when it announced its results for the second quarter in August. The first one was, "Fortis expects long-term growth in rate base to support continuing growth in earnings and dividends. As such, the Corporation's dividend guidance remains unchanged."

In the same breath, the company also said, "The continuation of dividend growth guidance is premised on the assumptions listed under 'Forward-Looking Information' below, including the continued good performance of the Corporation's utilities, no material impact from the COVID-19 pandemic, the expectation of reasonable outcomes for regulatory proceedings and the successful execution of the five-year capital plan."

The second statement is basically a way out for the company if the pandemic has thrown its plans into disarray.

## Fortis continues to focus on growth

Fortis is the largest utility player in Canada, supplying electricity to five Canadian provinces, nine U.S. states, and three Caribbean countries. The company reported \$274 million in earnings for the second quarter of 2020. Over 60% of its revenues are regulated and almost 20% of its revenues come from residential customers and the balance 18% comes from the commercial segment. As North America heads into winter, people will consume more electricity, not less. Fortis has \$4.8 billion in unutilized credit facilities.

Pandemic or recession, the company is clear that it will not slow down its growth plan. It has spent \$2 billion or 47% of 2020s planned capital expenditure in the first half of the year. The company's five-year capital plan of \$18.8 billion and dividend growth guidance remain unchanged.

## The Foolish verdict

Fortis has a strong balance sheet and is well poised to weather the ongoing pandemic. Its operations are efficient and it utilizes capital as few other companies do. There is no foreseeable reason that the company won't meet the commitments it has made. The company sports a very decent yield of 3.6% as of now. You can see [why Fortis stock](#) will outperform the market in case they crash by the end of 2020.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

### Category

1. Coronavirus

- 2. Dividend Stocks
- 3. Investing

**Date**

2025/08/21

**Date Created**

2020/09/07

**Author**

araghunath

default watermark

default watermark