



Fortis Stock: Long-Term Growth and Income at an Excellent Valuation

Description

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is one the most popular Dividend Aristocrats on TSX. And for good reason. This regulated utilities company holds an unmatched record of dividend increases among its peers. Accordingly, Fortis stock has remained a top pick for most long-term income and growth investors. Of course, it is one of my [top picks](#) as well.

Here's why this excellently valued stock should be on most investors' radar now more than ever.

Favourable analyst ratings bullish for Fortis stock

There are many reasons why investors and analysts are growing bullish on Fortis right now. Indeed, the company's strong business fundamentals are impressive. And if the company continues to execute its growth strategies, long-term investors could be in for a period of long-term, double-digit returns over time.

Sounds good to me.

Fortis's growth trajectory is spurred by new projects the company expects to be generating revenue within the next year. Investors and analysts are increasingly pricing in projects such as the Lake Eerie Connector project. With increased cash flows from these initiatives, Fortis is targeting an average annual dividend hike of 6% a year through 2025.

Additionally, the company's \$20 billion capital plan aimed at lowering greenhouse gas emissions and focusing on green energy is a huge plus. Fortis is becoming more [ESG friendly](#). For long-term investors bullish on this trend, that's a good thing.

Indeed, these reasons and many others have resulted in otherwise favourable forecasts for Fortis. Analyst Elias Foscolos from IA Capital Markets raised his share target to \$60, up from \$59 previously. Additionally, he gave this stock a "buy" rating.

I'm of the belief that Fortis could be in for more analyst upgrades, given the company's defensive

profile and a rotation toward value stocks. Indeed, Fortis remains one of the best options on the market right now. Investors would do well to consider this stock at these levels today.

Bottom line

Among utilities players, Fortis has been a top pick of mine for a long time. A lot of this has to do with the company's dividend profile.

However, Fortis's shift toward becoming more ESG friendly could provide a big medium-term boost. Accordingly, I think analysts are right on the money with this stock. This is a top-notch defensive play in a market that may shift even quicker toward stability in the near term.

Indeed, Fortis's diversified business portfolio, organic growth strategies and historical track record speaks for itself. This is a company all serious long-term investors would do well to consider at these levels today.

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