



## Screaming Buy! This Canadian Growth Stock Could Rally Soon

### Description

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) has an incredible track record. Over a 20-year period, Fortis has delivered a total shareholder return of 1,107%. Over the same 20-year period, an exchange-traded fund tracking the Canadian stock market index has only delivered a return of 231%. In aggregate, Fortis paid dividends per common share of \$1.94 in 2020 — an increase of 6% compared to 2019. This increase marked 47 [consecutive years of dividend increases](#), one of the longest records for annual common share dividend increases by a Canadian public corporation.

### Geographically diversified group of utilities

With confidence in the growth profile of low-risk, geographically diversified group of utilities, Fortis extended the company's average annual dividend-growth guidance of 6% to 2025. Also, the company deployed record capital expenditures of \$4.2 billion in 2020, resulting in annual rate base growth of 8.2%.

In addition, Fortis's utilities executed the company's largest capital plan ever while also managing through the pandemic and delivering [record safety performance](#). Several Fortis utilities experienced significant storm events in 2020. Fortis subsidiaries, including Central Hudson, Fortis TCI, ITC Holdings Corp., Maritime Electric and Newfoundland Power, experienced extreme weather events that required a rapid response to restore service to customers. This performance speaks to the operational expertise and strength of the leadership teams across Fortis.

### Cleaner energy capital investments

The company's \$4.2 billion 2020 capital plan included \$2.2 billion spent on resiliency and modernization and \$0.9 billion on projects that reduce emissions, water usage, or increase customer energy efficiency. Resiliency, modernization, and cleaner energy capital investments increased by approximately 20% in comparison to 2019.

## Robust five-year capital plan

Further, the company's \$19.6 billion five-year capital plan for the period 2021 to 2025 reflected a \$0.8 billion increase over the prior plan. Fortis has indicated that capital investments are expected to average approximately \$4 billion annually over the five-year period, increasing the rate base by approximately \$10 billion to \$40.3 billion and supporting a compound annual growth in the rate base of approximately 6%.

## Diverse mix of highly executable and low-risk projects

With virtually all regulated investments consisting of a diverse mix of highly executable and low-risk projects, Fortis appears to be focused on delivering safe, reliable, cleaner, and cost-effective service to customers. Spending on resiliency and modernization increased by \$0.3 billion in 2020, and cleaner energy spending increased by \$200 million in 2020.

With 93% of Fortis's assets associated with the delivery of electricity and natural gas, the company supports decarbonization by ensuring that Fortis's infrastructure delivers cleaner energy to customers. In fiscal 2020, Fortis increased focus on supporting a low-carbon future with an aggressive corporate-wide target to reduce carbon emissions by 75% by 2035 from a 2019 base year. This carbon-reduction target builds on Fortis existing low-emissions profile and substantially reduces carbon emissions over a relatively short timeframe.

## Planned emissions reduction

The pace of Fortis planned emissions reduction is well below the two-degree Celsius pathway and is aligned with the goals of the Paris Agreement. To achieve this target, Fortis expect to add 2,400 megawatts (MW) of wind and solar power systems and approximately 1,400 MW of energy storage systems at Tucson Electric Power by 2035. This positions Fortis well for the future and long-term shareholders could substantially benefit from the company's initiatives.

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1. kduncombe
2. nikhilwaterloo

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nikhilwaterloo

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