



## Fortis Stock: Should You Buy After Q3 Earnings?

### Description

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), one of the most popular Canadian utility stocks and the second-oldest Dividend Aristocrat in Canada with 48 consecutive years of dividend increases, announced its third-quarter earnings for 2021 this morning.

The [company reported](#) revenue of \$2.2 billion vs. \$2.1 billion last year and adjusted net income of \$300 million, or \$0.64 a share, which was in line with the consensus estimates. That's also compared to adjusted net earnings of \$302 million and earnings per share of \$0.65 in the same quarter a year ago.

This led the [dividend stock](#) to decline by -1.2% in U.S premarket trading.

### What happened with Fortis stock's business over the last quarter?

Although Fortis's earnings were lower than the same quarter last year, the difference was less than 1%. Furthermore, the impacts on operations weren't very significant and came down to two main factors.

As the Canadian dollar has gained strength in recent months, Fortis stock's earnings south of the border are worth less than before in Canadian dollars by about \$0.03 per share. Secondly, cooler-than-normal temperatures in Arizona through the quarter also weighed on its performance, also by about \$0.03 a share.

So, for the most part, it was another quarter of consistent profitability. Therefore, the bigger takeaway, in my opinion, is the new five-year capital plan the ultra-popular utility stock announced. Fortis will invest up to \$20 billion to grow its rate base at a compounded annual growth rate (CAGR) of 6% through 2026.

Funding for this capital plan will come from a combination of debt issued, its own operating cash flow

and equity. In addition, the Canadian Dividend Aristocrat also reaffirmed its guidance for 6% annual growth of its dividend through 2025, which follows a 6% dividend hike from the company last month. Today, Fortis stock yields roughly 3.9%.

## So what?

These results show exactly what we were expecting. In addition, they were right in line with consensus and were generally flat compared to last year, even though the stock faced a few headwinds in the quarter.

Once again, Fortis is showing why it's such an excellent stock for investors looking for a low-risk and predictable investment. Because the industry is so safe, and Fortis is a top operator, you can consistently rely on the stock to protect your capital and return income to you, and it showed that again today.

Plus, with the company now committed to its largest capital program in history, it's well on its way to growing its operations and lowering its total emissions.

## Now what?

While Fortis did acknowledge that uncertainty continues to persist due to the ongoing pandemic, it expects no material impact on operations. Therefore, If you're an investor that needs to add stability to your portfolio or just want more exposure to utilities, Fortis is one of the best stocks to buy. In addition to being super-low risk, its new capital plan provides attractive growth for the next half-decade.

So, if you're looking for a high-quality dividend stock that offers predictable, low-risk growth over the next few years, Fortis is one of the best to buy today.

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danieldacosta

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