Canadian Utilities (CDUAF)

Updated February 28th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$35	**5 Year Annual Expected Total Return:**	3.3%	**Market Cap:**	$9.47 B
Fair Value Price:	$28	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	02/05/2026
% Fair Value:	126%	**5 Year Valuation Multiple Estimate:**	-4.4%	**Dividend Payment Date:**	03/01/2026
Dividend Yield:	3.9%	**5 Year Price Target**	$34	**Years Of Dividend Growth[1]:**	54
Dividend Risk Score:	B	**Sector:**	Utilities	**Rating**	Hold

Overview & Current Events

Canadian Utilities is a $9.47 billion company with approximately 9,100 employees. ATCO owns 53% of Canadian Utilities. Based in Alberta, Canadian Utilities is a diversified global energy infrastructure corporation delivering solutions in Electricity, Pipelines & Liquid, and Retail Energy. The company prides itself on having Canada's longest consecutive years of dividend increases, with a 54-year streak. Unless otherwise noted, US dollars are used in this research report.

On January 8th, 2026, Canadian Utilities hiked its dividend by 1% to a quarterly rate of C$0.4623 ($USD1.35 annualized).

On February 25th, 2026, Canadian Utilities released its full-year 2025 results for the year ended December 31st, 2025. Adjusted earnings were $480.3 million ($1.77 per share), up $8.0 million ($0.03 per share) year-over-year. Growth in adjusted earnings was driven primarily by continued rate base expansion in ATCO Energy Systems and higher approved rates in ATCO Gas Australia under the new AA6 regulatory period. These positive factors were partially offset by the lower 2025 ROE of 8.97% (compared to 9.28% in 2024), the completion of ECM funding recorded in the prior year for Electricity Distribution and Natural Gas Distribution, higher net finance costs, and the reduced earnings contribution from ATCO Energy following its sale to ATCO on August 1, 2024. GAAP EPS was just $0.11 for the year due to asset impairments and write-offs in Q4 2025, mainly related to the Alberta renewables portfolio and certain hydrogen assets

Also, Canadian Utilities continued advancing major infrastructure projects, including the Yellowhead Pipeline Project in Natural Gas Transmission, where the AUC approved the Need Assessment Application during Q3 and a facility application was filed in November 2025, and the Central East Transfer-Out Project in Electricity Transmission, which progressed construction through 2025 and remains on track for energization in June 2026. We still expect EPS adjusted EPS of $1.85 for FY2026. All past figures are in GAAP/IFRS.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.54	$1.32	$1.53	$2.50	$1.04	$0.96	$1.53	$1.76	$1.03	$0.11	***$1.85***	***$2.25***
DPS	$0.97	$1.14	$1.15	$1.30	$1.37	$1.39	$1.31	$1.35	$1.26	$1.33	***$1.35***	***$1.53***
Shares[2]	267.0	269.0	272.0	273.0	273.0	269.9	269.1	270.0	271.4	271.8	***271.8***	***275.0***

By benefiting from a stable business model, Canadian Utilities can slowly, but progressively, grow its earnings. The company consistently invests in new projects and benefits from the base rate increases, which grow at around 3% to 4% annually. In 2021, management had filed an application with the Alberta Utilities Commission to postpone Canadian Utilities' electricity and natural gas distribution rate increases.

The company received almost all deferred revenues by the end of 2022. Combining the company's growth projects and the possibility of modest margin improvements, we retain our projected growth rate at 4%. Our DPS CAGR estimate remains at 2.5%. The company will likely improve its payout ratio before its new projects start producing enough cash flows to re-accelerate dividend growth.

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[1] Years of dividend growth and last dividend increase based in C$.

[2] Share count in millions

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U.S. investors have enjoyed a lesser growth in their dividends than the Canadian ones over the past decade due to the depreciation of $CAD to $USD. The stock's 10-year dividend CAGR is just 3.6%.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.9	18.3	18.2	15.0	22.9	16.5	17.9	14.3	23.0	---	***18.8***	***15.0***
Avg. Yld.	3.6%	3.5%	4.6%	4.8%	4.8%	4.8%	4.8%	5.4%	5.3%	4.9%	***3.9%***	***4.5%***

Canadian Utilities' shares currently yield is at a below-average 3.9%. We believe a higher dividend yield would make us more interested in the stock given is moderate growth expectation. Still, today investors are willing to pay a premium for this quality business. The stock's current P/E ratio of 18.8 is in line to its historical average. However, again, we believe that the multiple compression is well-justified given that interest rates remain elevated. Investors should demand higher tangible returns in the face of higher risk-free returns from T-bills. Our fair multiple remains at 15.0.

Safety, Quality, Competitive Advantage, & Recession Resiliency

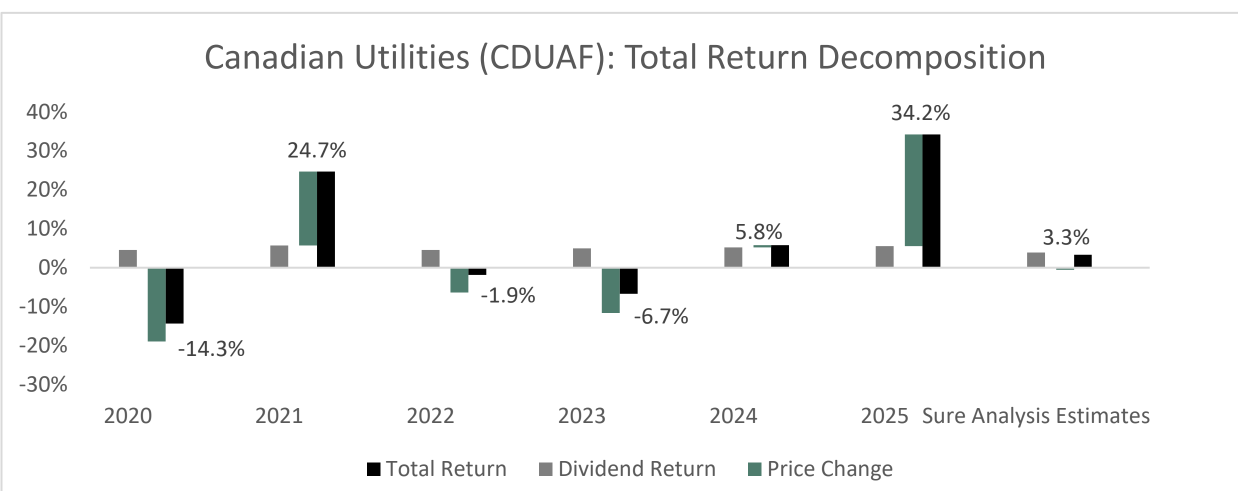
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	63%	86%	75%	52%	132%	145%	86%	77%	122%	1209%	***73%***	***68%***

The company's competitive advantage lies in the moat regulated utilizes are surrounded by. With no easy entry in the sector, regulated utilities enjoy an oligopolistic market with little competition threat. The company's resiliency has been proven for decade after decade. Despite multiple recessions and uncertain environments over the half a century, the company has withstood every one of them while raising its dividend. While Canadian Utilities' payout ratio were under pressure during 2020 (though dividends were in reality covered from its operating cash flows if we are to exclude depreciation and amortization,) by 2031 we expect it to have returned to more comfortable levels, of around 68% of its net income.

Final Thoughts & Recommendation

We believe that Canadian Utilities is an excellent hold for income-oriented investors who seek stable and predictable returns. The above-average dividend yield is quite attractive, and we believe that Canadian Utilities offers low volatility and a stable investment case during a time of high uncertainty. However, we believe the stock is overvalued today. We project annualized returns of just 3.3%, driven by the 3.9% dividend yield, our modest EPS growth expectations, and a valuation headwind. Shares earn a hold rating due to its rather strong dividend score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	$2,557	$2,567	$3,152	$3,378	$2,942	$2,413	2,804	3,111	2,811	2,730
Gross Profit	$1,910	$2,009	$2,144	$2,240	$2,188	$1,877	1,891	2,101	1,904	1,897
Gross Margin	74.7%	78.3%	68.0%	66.3%	74.4%	77.8%	67.4%	67.5%	67.7%	69.5%
SG&A Exp.	$363	$293	$272	$330	$258	$255	289	287	291	328
D&A Exp.	$503	$433	$461	$492	$439	$455	519	493	537	519
Operating Profit	$639	$898	$917	$835	$963	$702	696	870	767	759
Operating Margin	25.0%	35.0%	29.1%	24.7%	32.7%	29.1%	24.8%	28.0%	27.3%	27.8%
Net Profit	$276	$468	$397	$489	$717	$319	313	486	524	350
Net Margin	10.8%	18.2%	12.6%	14.5%	24.4%	13.2%	11.2%	15.6%	18.6%	12.8%
Free Cash Flow	-$43	$248	$73	-$205	$185	$553	396	593	327	235
Income Tax	$161	$178	$133	$174	$40	$113	110	153	147	97

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	14,388	13,021	13,945	16,572	16,020	15,344	15,920	16,530	16,190	16,570
Cash & Equivalents	$302	$350	$256	$304	$400	$745	$609	585	514	119
Accounts Receivable	$418	$312	$384	$469	$496	$389	$426	507	620	481
Inventories	$73	$32	$28	$32	$23	$23	$22	16	18	41
Goodwill & Int. Ass.	$341	$349	$390	$448	$463	$482	$514	569	603	792
Total Liabilities	$9,558	$8,558	$9,294	$11,530	$11,202	$10,046	$10,580	11,180	10,980	11,610
Long-Term Debt	$6,305	$5,759	$6,214	$7,890	$7,694	$6,864	$7,102	7,464	7,029	7,704
Shareholder's Equity	$3,870	$3,259	$3,401	$3,714	$3,592	$4,020	$4,029	3,972	3,911	3,719
LTD/E Ratio	1.31	1.33	1.38	1.61	1.64	1.33	1.37	1.43	1.39	1.60

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.5%	2.0%	3.5%	2.6%	3.0%	4.6%	2.0%	1.9%	3.0%	2.1%
Return on Equity	16.3%	7.7%	14.1%	11.1%	13.4%	18.8%	7.9%	7.8%	12.3%	6.8%
ROIC	5.8%	2.6%	4.4%	3.3%	3.8%	5.8%	2.6%	2.5%	3.9%	2.7%
Shares Out.	262.8	265.3	267.8	270.1	272.1	273.2	273	270	270	271
Revenue/Share	$12.41	$9.64	$9.59	$11.67	$12.41	$10.77	$8.83	10.37	11.51	10.06
FCF/Share	-$2.27	-$0.16	$0.93	$0.27	-$0.75	$0.68	$2.02	1.47	2.19	0.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.