Fortis Inc. (FTS)

Updated September 28th, 2026 by Kay Ng

Key Metrics

Current Price:	$53	**5 Year Annual Expected Total Return:**	7.7%	**Market Cap:**	$27.1B
Fair Value Price:	$51	**5 Year Growth Estimate:**	5.5%	**Ex-Dividend Date[1]:**	11/17/26
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.8%	**Dividend Payment Date[2]:**	12/01/26
Dividend Yield:	3.5%	**5 Year Price Target**	$67	**Years Of Dividend Growth:**	52
Dividend Risk Score:	B	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

Fortis is Canada's largest investor-owned utility business with operations in Canada, the United States, and the Caribbean. It is cross-listed in Toronto and New York. Fortis trades with a current after-tax yield of 2.8% (about 3.3% before the 15% withholding tax applied by the Canadian government). Unless otherwise noted, US$ is used in this report. Fortis is virtually 100% regulated, across 9 regulated utilities in Canada, the U.S., and the Cayman Islands. About 95% of its assets are for transmission and distribution of electricity or gas, which provide essential services to 3.5 million electricity and gas customers, leading to resilient earnings through the economic cycle. Its rate base for fiscal 2026 is C$44.7 billion.

Fortis reported Q2 2026 results on 07/31/26. For the quarter, revenue rose 4.1% to C$2.9 billion year over year ("YOY"), net earnings was C$396 million (up 3.1%), while earnings per share ("EPS") rose 2.6% to C$0.78. In June, the Roadrunner Reserve II battery storage project was placed in service. In July, liquefied natural gas (LNG) opportunities advanced in British Columbia for the Phase 1B expansion of FortisBC Energy's Tilbury LNG facility, allowing total investment of ~C$2.0 billion for the project in regulated rate base. This project supports LNG marine fueling services and the transition to lower-emission marine fuels.

During the first half of the year, revenue rose 2.9% to $6.3 billion YOY, net earnings was C$897 million (up 1.6%), while EPS was flat at C$1.76. During this period, capital spending was C$2.7 billion, on track for C$5.6 billion for the year.

We maintain our 2026 EPS estimate at $2.68.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.78	$2.02	$1.89	$1.92	$2.02	$2.04	$2.08	$2.30	$2.28	$2.58	***$2.68***	***$3.50***
DPS	$1.15	$1.25	$1.33	$1.38	$1.44	$1.64	$1.67	$1.69	$1.74	$1.77	***$1.85***	***$2.31***
Shares[3]	401	421	429	447	465	471	479	489	499	504	***510***	***543***

Fortis compounded its EPS at 4.7% and dividend per share ("DPS") at 5.6% per year from 2016 to 2025 as measured in CAD$. Notably, the picture doesn't look as rosy from a US$ perspective. When converted to US$, it compounded its EPS by 4.2% and DPS by 4.9% per year in this period. Fortis capital plan for 2026 to 2030 is C$28.8 billion. This figure suggests that the firm's mid-year rate base can increase at a 7% compounded annual growth rate, from C$41.9 billion in 2025 to C$57.9 billion in 2030. The company also maintained its dividend growth guidance of 4-6% through 2030. We use 5.5% and 4.5% for our EPS and DPS estimates, respectively, through 2031.

The 2026-2030 capital plan includes 46% in transmission projects, 31% in distribution, 7% in generation, and 5% in renewable gas and LNG. 100% is regulated capital, 21% are major projects. Geographically, ~63% is in the U.S. and ~35%

[1] Projected dividend date.
[2] Projected dividend date.
[3] Share count is in millions.

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Canada. Importantly, this growth rate does not include the impact of acquisitions, which have historically been important for Fortis.

Additionally, the utility tends to use equity offerings (including its dividend reinvestment plan) as a source of capital to pay down debt or make acquisitions, resulting in a steadily rising number of outstanding common shares. Our estimates account for a steady rise in the share count, also including future acquisitions. Fortis will grow its green investments steadily, as the regulated utility aims to reduce its carbon emissions 50% by 2030 and 75% by 2035 as compared to 2019.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	28.1	40.6	21.2	19.9	20.0	21.7	21.7	18.8	18.0	19.9	***19.8***	***19.0***
Avg. Yld.	3.1%	3.1%	2.9%	3.1%	3.5%	3.5%	3.6%	4.1%	4.2%	3.7%	***3.5%***	***3.5%***

Fortis stock averaged a P/E of 23 from 2016-2025, but the average multiple drops to 21 when removing the 2017 outlier. We think a P/E of 19 is fair. Using our 2026 EPS estimate, Fortis trades at a price-to-earnings ratio of 19.8, which makes shares fairly valued. Fortis is currently trading with a dividend yield of 3.5% (excluding the withholding tax paid to the Canadian government). This North American utility offers a reliable dividend stream.

Safety, Quality, Competitive Advantage, & Recession Resiliency

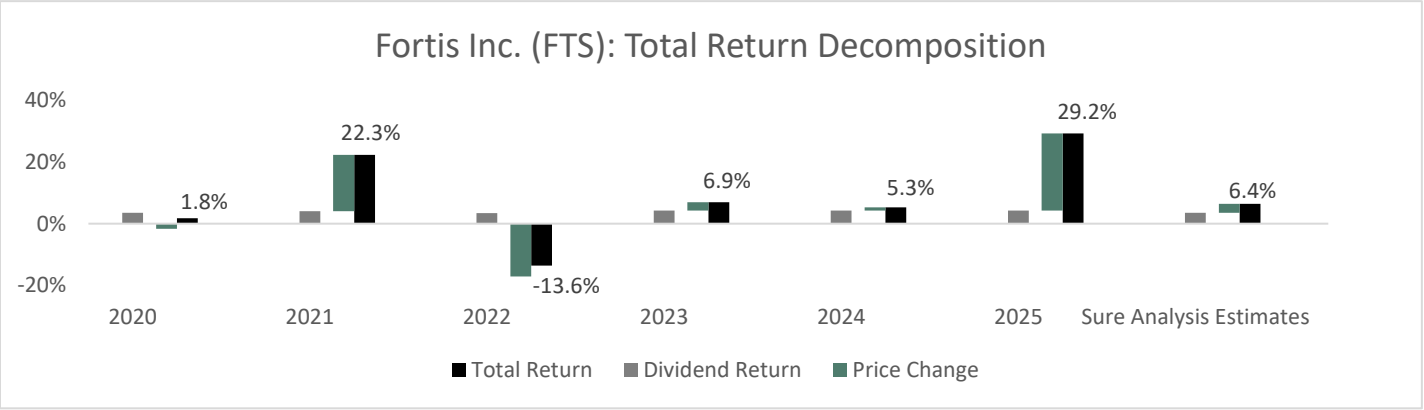
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	65%	62%	70%	72%	71%	80%	80%	73%	76%	69%	***69%***	***66%***

Because demand for Fortis's utility services doesn't change much in various economic environments, Fortis's results have been quite resilient through economic uncertainties, including the one we're experiencing in which inflation and interest rates are higher than recent history. Fortis maintains an investment-grade credit rating. Its S&P credit rating stands at A- currently. Fortis' payout ratio had been typically under 80% of earnings, with it set to come in around 70% in 2026. The dividend is important to management, and we believe it is safe and should continue to rise for years to come. Fortis' competitive advantages are its size, scale, and diversity. Fortis is unique because of its cross-border exposure. Its timely U.S. acquisitions of regulated utilities since 2013 have allowed Fortis to generate more than half of its revenues from the United States today.

Final Thoughts & Recommendation

Fortis is a quality North American regulated utility that has a leading position. We currently estimate FTS will deliver a total rate of return of 7.7% through 2031. This will come from 5.5% earnings growth, a 3.5% yield, and multiple compression of 0.8%. We rate FTS stock as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,164	6,405	6,474	6,618	6,669	7,536	8,488	8,529	8,004	8,822
Gross Profit	3,396	4,583	4,549	4,719	4,757	5,182	5,450	5,737	5,449	6,378
Gross Margin	65.8%	71.6%	70.3%	71.3%	71.3%	68.8%	64.2%	67.3%	68.1%	72.3%
D&A Exp.	742	910	959	1,017	1,066	1,200	1,282	1,313	1,340	1,382
Operating Profit	1,120	1,938	1,825	1,854	1,872	1,969	2,106	2,284	2,341	2,531
Operating Margin	21.7%	30.2%	28.2%	28.0%	28.1%	26.1%	24.8%	26.8%	29.2%	28.7%
Net Profit	498	793	900	1,297	951	1,032	1,071	1,165	1,169	1,304
Net Margin	9.7%	12.4%	13.9%	19.6%	14.3%	13.7%	12.6%	13.7%	14.6%	14.8%
Free Cash Flow	-134	-207	-474	-796	-999	-382	-608	-462	-938	-1,574
Income Tax	109	454	127	218	172	187	222	267	241	285

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	35,530	38,029	38,950	40,883	43,509	45,222	47,342	49,690	51,114	54,244
Cash & Equivalents	200	260	244	283	195	103	154	471	153	266
Accounts Receivable	376	366	395	386	467	487	685	671	1,161	1,082
Inventories	276	292	292	302	331	375	487	427	477	470
Goodwill & Int.	9,920	10,119	10,081	10,154	10,260	10,245	10,324	10,320	10,275	10,330
Total Liabilities	23,329	24,710	25,400	25,486	27,602	28,818	30,511	32,100	33,132	35,492
Accounts Payable	411	553	499	577	554	607	653	746	780	891
Long-Term Debt	16,527	17,231	17,727	17,380	19,212	20,064	21,121	22,350	21,718	22,271
Shareholder's Equity	9,623	10,640	10,947	12,944	13,390	13,855	14,299	14,990	15,431	16,164
LTD/E Ratio	1.53	1.44	1.46	1.23	1.31	1.33	1.36	1.38	1.41	1.38

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.8%	2.2%	2.3%	3.3%	2.3%	2.3%	2.3%	2.4%	2.3%	2.4%
Return on Equity	6.5%	7.8%	8.3%	10.9%	7.2%	7.6%	7.6%	6.8%	7.2%	7.7%
ROIC	2.2%	2.7%	2.9%	4.1%	2.8%	2.9%	2.9%	3.0%	2.8%	4.0%
Shares Out.	401	421	429	447	465	471	479	486	495	504
Revenue/Share	16.48	15.39	15.23	15.13	14.33	15.99	17.72	17.53	16.17	17.50
FCF/Share	-0.43	-0.50	-1.11	-1.82	-2.15	-0.81	-1.27	-0.95	-1.98	-3.27

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

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