

## Fortis Inc.

### TSE: FTS

---

Recommendation: Buy

November 26, 2025

\*All data are as of November 16, 2025

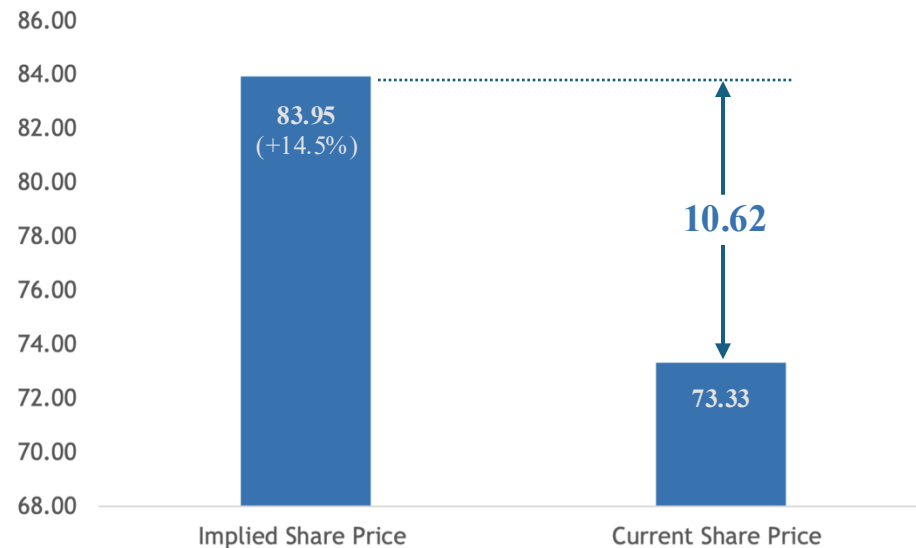
---

**Group 88 (Whiterock)**

Marcus Pan | Sam Sui | Catherine Zhu | Owen Luik | Daniel Kurtz

# Recommendation

## Current vs DCF Implied Price



**BUY**

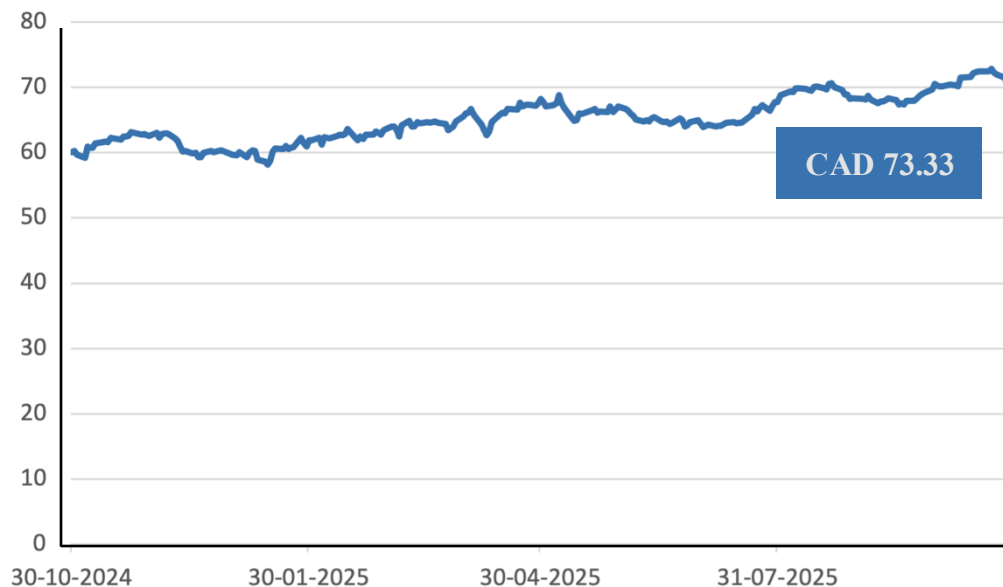
**DCF suggests Fortis is undervalued by 14.5%**



# Company Overview



## 52 Week performance

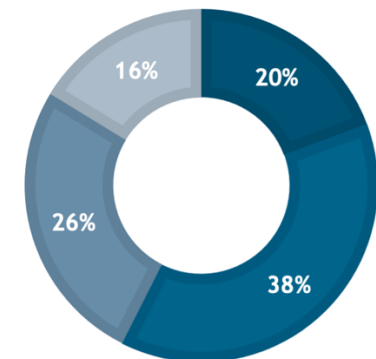


**Market Cap: \$36.7B**

**Enterprise Value: \$74.3B**

- *North American regulated electric and gas utilities company operating in Canada, the U.S., and the Caribbean*
- *Highly stable and predictable regulated rate base returns*
- *Largest revenue comes from U.S. operations (38% of total revenues)*

## Revenue Breakdown



- ITC Transmission
- US Electric and Gas
- Western Canadian Electric and Gas
- Other Revenues



Rotman School of Management  
UNIVERSITY OF TORONTO

# Industry Overview



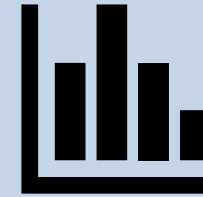
**Highly  
Regulated**



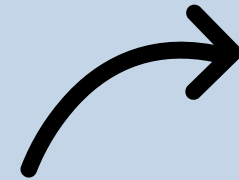
**Non-Cyclical**



**Stable  
Cash Flows**



**Low-Risk**

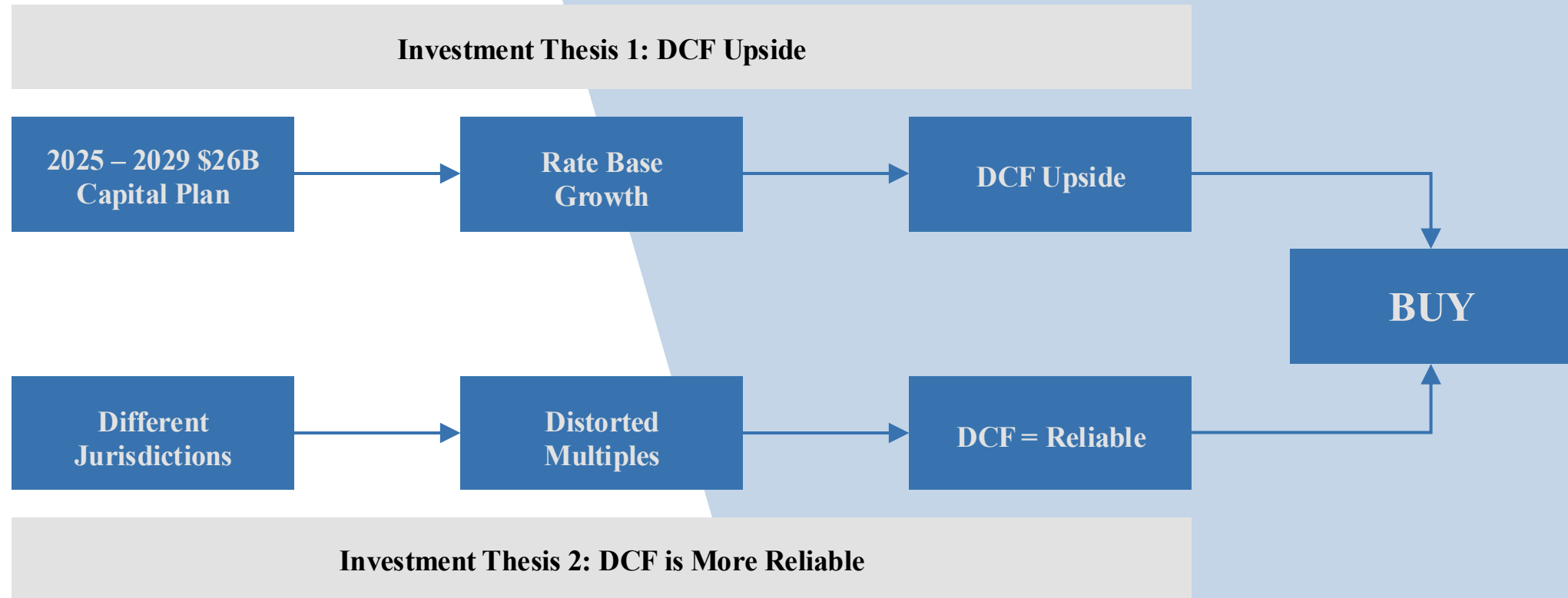


**Limited Upside**

*FYI: American utilities typically earn higher  
ROE than Canadian utilities*

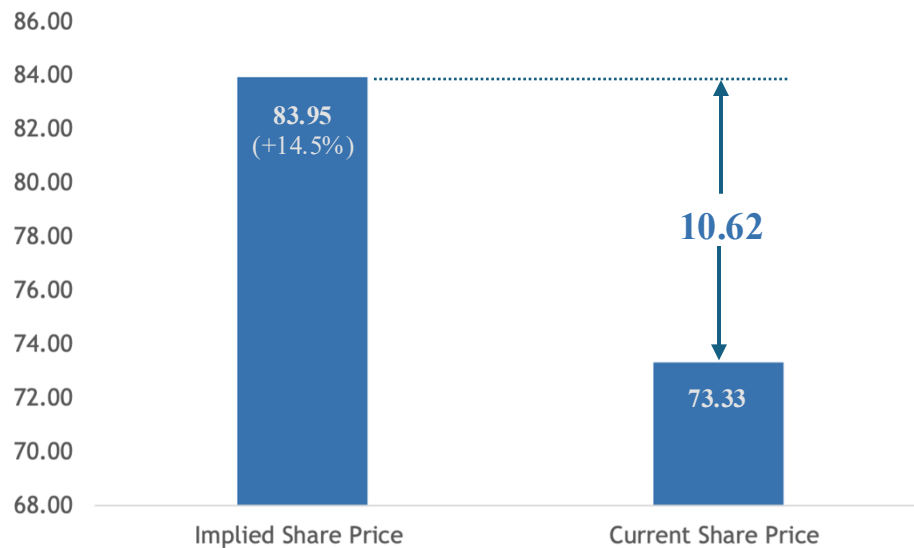


# Investment Thesis



# Key DCF Inputs

## Current vs DCF Implied Price



Inputs	Value
Revenue CAGR	6 to 7 %
Cost of Equity	5.48%
Beta	0.41
Market Risk Premium (CA+ US)	4.30%
Terminal Growth Rate	1.80%
Exit Multiple (EV/EBITDA)	13.63x
Target Debt/EBITDA	5.6x



# Comparables Analysis



**Median**  
**EV/EBITDA**

**13.63x**

*Median reduces the impact  
of valuation outliers*



# Sensitivity Analysis

		Cost of Equity		
		4.98%	5.48%	5.98%
Terminal Growth Rate	1.30%	\$85.45	\$79.61	\$74.80
	1.80%	\$91.14	<b>\$83.95</b>	\$78.22
	2.30%	\$98.83	\$89.54	\$82.48

*Valuation remains stable across different scenarios confirming the robustness of this BUY recommendation*







## **Interest Rate Risk**

*High interest rates  
raise financing costs*



## **Regulatory Risk**

*Changes in ROE or  
rate base regulations  
could affect earnings*



## **Foreign Exchange Risk**

*USD/CAD  
fluctuations could  
affect reported  
earnings from the U.S.*



# BUY

*DCF Valuation indicates a  
14.5% upside*





FORTIS

Whiterock Inc

**Thanks for  
your time**

---

**Group 88 (Whiterock)**

Marcus Pan | Sam Sui | Catherine Zhu | Owen Luik | Daniel Kurtz