



## Game of Phones: Telus Overtakes BCE as #2 Wireless Provider

### Description

After years of sitting in third place **Telus** ([TSX:T](#)) has overtaken **BCE** ([TSX: BCE](#))([NYSE:BCE](#)) in number of wireless subscribers two quarters in a row. At the close of Q4 Telus had 7.807 million wireless subscribers compared to BCE's 7.778 million subscribers. This does not even include the 280,000 customers Telus added when it [purchased](#) Public Mobile during the last quarter.

Despite this growth, Telus is still a far way off from unseating the current king, **Rogers** ([TSX: RCI.B](#))([NYSE:RCI](#)), which currently has 9.5 million subscribers. In terms of growth the last quarter, Telus saw a 1.8% increase in subscribers while BCE recruited an additional 1.3% and Rogers 0.7%.

These gains in subscribers are coming even though Telus has the highest average monthly bill of the three at \$61.86, compared to BCE at \$56.92 and Rogers at \$58.92. It appears that people are willing to pay a little more to avoid lackluster customer service some of Telus's competitors are known for. Telus is even offering BCE customers in Alberta and BC \$100 to switch to Telus.

Part of this growth has come from the increased use of smart phones by Canadians — two years ago only 53% of Telus customers used a smartphone; today 77% are using data-guzzling smart phones.

### A numbers game

This surge in subscriptions contributed to wireless revenues, which grew during the quarter to \$1.43 billion, an increase of \$56 million or 4.1%. BCE saw Q4 wireless revenues of \$1.51 billion, up 3.2% from last year. Telus' jump in revenues can be attributed partly to the wireless division, which saw 113,000 new subscribers, but it has seen gains in other areas also. During the same period Telus added 38,000 Optik TV and 21,000 internet subscribers.

Across all of its divisions, Telus earned \$11.4 billion in revenues during 2013 and posted a net profit of \$1.29 billion. This is up from 2012 revenues of \$10.92 billion and net profits of \$1.2 billion. Total "new connections" for 2013 including wireless, TV and internet grew by 584,000.

### Foolish bottom line

With all these new subscribers in place, Telus is looking to continue its growth strategy. It has set aside \$2.2 billion to continue upgrading to fiber-optic cable for its TV and internet services. There are also plans to fully utilize the 700mhz bandwidth it acquired from Novus Wireless Inc, Public Mobile, and the in-progress federal auction.

Telus also remains committed to purchase Mobilicity, despite the number of times the government has stepped in to hinder the sale. Things are looking bright for the now number two wireless company. Those looking for “More Choice” in who they contract with or invest in may have to rethink how they plan the game of phones.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:T (TELUS)

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