



Telus is Investing in Itself, Should You Invest Too?

Description

What once started as a B.C. exclusive company has grown into one of the top national telecom players. **Telus** ([TSX: T](#))([NYSE: TU](#)) has even claimed the number two spot in terms of wireless customers from **BCE** ([TSX: BCE](#))([NYSE: BCE](#)) in January.

Telus has been a company of consistent growth, not only in customers but also in infrastructure and spectrum. Telus last year picked up Novus Wireless and Public Mobile and is in seemingly never-ending talks with Mobilicity. Now along with its most recent quarterly report, Telus made some more capital investment announcements, plus some changes to its dividend.

Quarterly report

Revenues in Q1 2014 managed to climb by 5% to \$2.9 billion compared to \$2.75 billion in Q1 2013. Telus is pledging to continue this trend throughout the year with a year-end revenue increase between 4% and 6%. Net profits for the quarter came in at \$377 million (\$0.61 per share) up from \$362 million (\$0.56) per share in Q1 2013.

In the report Telus highlighted that when the cost of closing Public Mobile is factored out, earnings per share would have been \$0.62. Either way Telus met analyst expectations, which were set at \$0.61 per share.

Game of phones

The jewel in the crown of this most recent quarterly report is the number of new postpaid wireless subscribers. Telus added 48,000 new customers in the quarter, once again surpassing Bell which added 34,000 net new customers. Telus also completely overshadowed its top competitor **Rogers** ([TSX: RCI.B](#))([NYSE: RCI](#)), which only managed to add 2,000 new subscribers.

As far as churn rates, Telus has remained below 1% for the third consecutive quarter, one of the top rates in the industry. Across all platforms including wireless, TV, and internet, Telus added a total of 96,000 new postpaid subscribers.

BC and Quebec infrastructure upgrades

Telus has been no stranger to reinvestment, and the two latest infrastructure announcements should come as no surprise. First off Telus is planning to spend an additional \$2.8 billion in its home province of B.C from now to 2016. This will bring the total investment in the province to \$40 billion since 2000. The newest upgrades are targeted to expand urban and rural broadband capabilities in the province.

Not to be outdone, Quebec will also receive additional upgrades in the near future, with \$1.3 billion earmarked between now and 2016. This will bring the total infrastructure in Quebec to \$20 billion since 2000. The upcoming upgrades will be in the form of upgrading homes and businesses to fibre optics.

Medical expansion

A little known part of the company, Telus's medical records division has also been growing. The medical records division has recently purchased Med Access Inc, a 2,000-doctor network based in Western Canada. This acquisition will be added to the \$1 billion previously spent on the division and the previous acquisitions of KinLogix, Wolf Medical Systems and Emergis.

With the newest addition to the portfolio, Telus Health now services 12,500 doctors across the country. Telus originally founded this division in 2007 as a way to offset potential declines in the telecommunications.

Just like monthly wireless bills, the dividend keeps going up

Telus raised its quarterly dividend by \$0.02 to \$0.38 per share. Telus is remaining firm in its dividend growth program, which was unveiled in 2011. So far this year Telus has paid out \$381 million to investors via dividends and repurchases.

Telus has managed to keep its growth on target and even managed to best BCE, despite having the highest average monthly bill of the big three. Its average monthly bill is \$61.24, as compared to BCE at \$57.90 and Rogers at \$57.63. Following the announcement the stock closed at \$39.85 just shy of its 52 week high of \$40.53. Price targets set before the release of the report (up to May 6) had a price target of \$41.

CATEGORY

1. Investing

TICKERS GLOBAL

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

Category

1. Investing

Date

2025/08/26

Date Created

2014/05/09

Author

cameronconway

default watermark

default watermark