



## 3 Reasons Why Telus Corporation Is the Big 3 Telecom You Should Own

### Description

If you're looking for solid, reliable dividend stocks in Canada, the big three telecommunications providers are a great place to start.

Firstly, these companies face relatively little competition and enjoy high barriers to entry. Secondly, they make revenue based on subscriptions, which helps keep earnings nice and consistent. Finally, none of these companies have international ambitions, and they are happy to pay out the bulk of their earnings to shareholders instead. What more could a dividend investor want?

That being said, there are important differences between the big three. One company in particular stands out as a great investment opportunity: **Telus Corporation** ([TSX: T](#))([NYSE: TU](#)). Below are the top three reasons why Telus is the one you should choose for your dividend portfolio.

#### 1. A best-in-class operator

To state the obvious, this is not an industry where customers are overjoyed with their experiences. However, among the big three operators, Telus is the one that treats its customers the best.

In 2013, Telus was voted as Canada's top full-service provider in J.D. Power and Associates' Wireless Total Ownership Experience study. The number of complaints reported for Telus declined by 27% last year, compared to an *increase* of 26% for the industry.

These results translate into solid financial numbers. The company added 378,000 wireless subscribers last year — in comparison, **BCE Inc.** ([TSX: BCE](#))([NYSE: BCE](#)) added only about 100,000 subscribers. Telus also did a better job of holding on to its existing subscribers, with an industry-leading 1.03% churn rate and an industry-leading \$4,350 in lifetime revenue per customer.

#### 2. Growth opportunities

Telus's best-in-class performance means that the company has numerous avenues for growth. One comes from wireless, where data needs among Canadians are always increasing. Just last year, the proportion of the company's wireless subscribers using a smartphone increased by 11 percentage

points to 77%. The acquisition of Public Mobile also adds over 200,000 subscribers and provides some valuable spectrum.

Telus also has opportunities to grow from providing other services, such as television and wireline-based internet services. To illustrate, over the past year the number of TV subscribers grew by over 20%. In contrast, about a third of BCE's subscribers are wireline phone subscribers, a business that declined by 6.6% last year.

As a result, Telus increased its total subscriber count by 1.4% last year, not including the Public Mobile acquisition. In contrast, BCE's subscriber count declined by 0.8%.

### 3. A dividend champion

Last but not least, Telus has done a fantastic job providing value to shareholders, and this shows up in its dividend. Over the past decade, its dividend has been hiked every single year, increasing by over 400% over this time. Better yet, the dividend yields nearly 4%, not bad for a company with such a bright future.

Again, to pick on BCE, its dividend has only doubled over the past 10 years. So even though BCE yields about 5%, Telus still has the more attractive payout.

#### CATEGORY

1. Investing

#### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TU (TELUS)
3. TSX:BCE (BCE Inc.)
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