



## Does Telus Corporation Belong in Your Portfolio?

### Description

**Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) is one of the three largest telecommunications companies in Canada, serving millions of people with cable, mobile, and Internet. Because of its position in Canada and because it has a significant moat, I am a believer in this company and argue that it belongs in your portfolio.

However, let's not take my word on blind faith. The first reason that I am a proponent of this company goes back to the statement I made above: it has a wide moat.

How difficult would it be for someone to come along, lay a lot of pipe down, buy cell towers, and launch a competing service? Similar to the railroads I love, the capital requirements to launch a competing telecommunications company is really unrealistic. When the moat is as wide as Telus' (along with the two other big telecoms), you realize that there is a bit of a monopoly going on in the perfectly legal sense.

So long as it remains capital intensive to launch a new cable company, I have little doubt in my mind that Telus will continue to dominate the market, taking its significant chunk of the market share.

For a company as large as it is, Telus continues to see pretty decent growth. In the last quarter it saw an 11.5% adjusted net income increase year over year. And its earnings per share increased 12.9% to \$0.70. That doesn't sound like a company that is having a hard time growing.

Yet what is so interesting to me is that the stock has remained relatively unmoved since these results were released back on May 7th. This is baffling because analysts estimate that the earnings per share in 2016 will be \$2.79, which would have the company trading at 15 times those earnings. Should the analysts be correct, this stock is bound to have a pretty nice pop over the next couple of years.

But here's the real reason Telus belongs in your portfolio: the company has continued to hike the dividend in the past years and it is now at a 3.96% yield. The company pays a \$1.60 per share dividend to investors broken up into quarterly parts.

And when we look back on that moat and the growth I've described, it's clear that the dividend is safe

from being cut. Unless people suddenly decide that they don't want their iPhones and reality TV, they're going to continue forking over large amounts of money to this dividend payment juggernaut.

In the end, Telus has a wide moat, it's still growing, and it pays a consistent dividend. If you ask me, this stock is a must for any portfolio that is looking to generate some capital gains and significant dividends.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

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1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

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## Author

jaycodon

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