



Investors Should Buy Telus Corporation for Dividends

Description

For investors who are looking to generate increasing amounts of income from their portfolios, one of the biggest things they have to look at is whether or not the business will need to spend a lot of money defending its position. The more money that has to be allocated for that purpose means that more cash flow is redirected back into the business.

Fortunately for investors, one company that has a very easily defended position—primarily because of its wide moat—is **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)). As a telecommunications company, it provides many of the services that we cannot live without: Internet, cable TV, and phone services.

The reason Telus has such a wide moat is because it would be a burden for a new company to come into the market and try to set up a new operation to compete with Telus and the other big cable providers. Buying bandwidth, setting up wirelines all around the country, and then marketing would be a multi-billion dollar investment.

Another sign that Telus is one of the top stocks for your portfolio is that customers actually like the company. The average revenue per user (ARPU) is one way that cable providers calculate how valuable a customer is to them. Telus has seen 19 straight years of increasing ARPU.

And it's also adding new customers. In the second quarter, its TV offerings saw an increase of 17,000 new contracts, and its Internet offerings saw an increase of 22,000 new contracts.

A wide moat, more revenue per customer, and new users signing up leads me to one primary point: Telus Corporation is a solid investment for investors who are looking for income.

Telus and dividends go hand in hand

Telus pays a handsome \$0.42 per quarter to its investors, which comes out to a yield of approximately 3.80%. This alone would make the company a solid investment for those looking to generate safe income.

But the company has historically increased that dividend. Over the past five years, it has hiked its

dividend 11 times. I recently got a pay raise at my full time job, which happened 18 months after my previous one. Telus, on the other hand, has given out approximately two raises every year. That's rewarding investors.

But Telus isn't just increasing the dividend. In Q2 2015, it repurchased 7.9 million shares. Since 2004, it has spent \$4.7 billion buying shares back. Every share that leaves the market increases the amount of the company you own, which is an important step in gaining wealth.

At the end of the day, because of Telus's defensive position and its customers, who actually like them, the company is able to pay lucrative dividends. If investors are looking to generate income, Telus Corporation is one of the top picks available on the market today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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

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