



Telus Corporation Is a Smart Buy for Income Investors

Description

The unicorn of stocks is one that is able to experience tremendous growth while simultaneously paying generous dividends that continue to increase. We typically find companies that pay great dividends only after growth has started to slow. Usually when a company is experiencing growth, it reinvests as much of its cash as it can to spur growth further.

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is a telecommunications company that is experiencing growth and has a growing dividend. Further, being in the telecommunications business gives the company an incredibly wide moat because it is expensive for a competitor to launch. Trying to buy bandwidth, setting up wirelines, and then actually getting customers would cost tens of billions of dollars. Not only that, but the services they offer—Internet, cable TV, and phone services—are all in hot demand.

But here's where the growth comes in.

In the third quarter Telus was able to add 26,000 new TV customers, 24,000 Internet subscribers, and 119,000 new customers in its wireless/wireline divisions. On top of that, it has been able to increase the average revenue per user every year for 19 years.

Consider that for a second. It has been able to get more money from its customers every year for 19 years in a row. The only reason that happens is because it offers a service that the customers like and great customer support.

Telus is investing in specific capital projects that will make the company much stronger. In 2015, it is on pace to spend \$4.5 billion to increase its spectrum and infrastructure. While this is the largest single investment ever, it is going to continue to make the company stronger, which should encourage more growth.

Telus rewards investors in two ways

The company also invests considerable money in rewarding investors. My belief is that a company has to pay shareholders because they are risking their own money. And Telus doesn't disappoint. It rewards investors in two ways.

The first is through share buybacks. In the second quarter it purchased 7.9 million shares. In the third quarter it bought an additional \$110 million on share buybacks. The year-to-date total has been \$412 million, which continues its trend of spending \$4.7 billion since 2004. Every share Telus buys back increases how much of the company you hold.

The other way that it rewards investors is through its dividend, which has a 4.21% yield. It pays a \$0.44 dividend every quarter, which is an increase from the previous quarter. This is the second time it has increased the dividend in 2015 and the 12th hike over five years. On average, it increases the dividend twice a year, which is a great way of rewarding investors.

I believe that this company gives investors incredible income and significant growth for the future. Therefore, buying shares of this company, especially at this price, would be a smart move for investors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:TU (TELUS)
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