



Here's What Makes Telus Corporation a Great Buy

Description

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is one of the largest telecommunications companies in the country. It offers voice, Internet, wireless, and TV services to approximately 8.1 million subscribers across the country.

The stock has traditionally been seen as a great long-term option for investors, and that view continues to stay true today.

Here are a few points to consider if you are pondering adding Telus to your portfolio.

Growth prospects

In the most recent quarter Telus added approximately 119,000 new customers in the wireless/wireline division. It also added 26,000 and 24,000 new TV and Internet subscribers, respectively.

The stock recently dipped more than 6% on the news that Wind Mobile—a competitor in the wireless space—would be purchased by another Telus competitor, **Shaw Communications Inc.**

Wind mobile is much smaller wireless carrier than Telus, and Shaw's control of the company and expected impact to the wireless market is still a year out, if not more. That being said, this recent dip could be seen as an ideal opportunity to pick some Telus shares.

To Telus's credit, the company is spending a whopping \$4.5 billion on both infrastructure and spectrum increases this year. This is the most the company has ever spent in a single year on any type of capital project.

Dividends

Telus has one of the best dividends on the market and is constantly improving it, too. Telus has raised the dividend no less than 12 times in the past five years and is likely to continue to do so again next year given the stellar results reported over the past few quarters.

Telus pays a quarterly dividend of \$0.44 per share, giving the dividend a very impressive 4.55% yield. The payout ratio for the dividend is approximately 75%.

Beyond dividends, Telus is actively engaging in a share-buyback program. Over the past two quarters, over eight million shares have been bought back, which in turn increases shareholder value on existing shares.

Results

In the most recent quarter, Telus reported strong results that saw adjusted net income grow by 6.3% to \$1.23 billion over the same quarter in the previous year. Free cash flow increased by 22.4% to \$881 million.

The results were very much in line with analysts' expectations, and consensus price targets for the stock are currently set upwards of \$40.

Telus is currently priced at just over \$38, closer to the 52-week low of \$36.75 than the high of \$45.19. Year-to-date the stock is down by 7.26%, with much of that drop being attributed to the recent Shaw-Wind Mobile announcement. Looking at the long term, the five-year difference shows an impressive increase of 66.45% on the stock.

In my opinion, Telus should be a core part of every portfolio. The company pays a very handsome dividend, has a strong balance sheet, and is constantly growing and rewarding shareholders. In terms of a stock that pays dividends and has growth prospects, there are few better alternatives.

CATEGORY

1. Investing

TICKERS GLOBAL

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

Category

1. Investing

Date

2025/08/02

Date Created

2015/12/23

Author

dafxentiou

default watermark