



## Don't Miss Out: Telus Corporation Is a Steal

### Description

Warren Buffett has a saying: "Be fearful when others are greedy and be greedy when others are fearful." What this means is that investors should not follow the pack and make irrational decisions; instead, they should buy stocks when others are afraid of them. Right now, investors have beaten up **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)), which is a highly irrational decision.

Despite what other investors are doing, I believe you should not only hold your shares of Telus, but also start buying more. Once the irrational fear disappears, the price is going to start increasing. Here are a few reasons why.

### Strong business

Unlike other telecommunications companies in Canada, Telus is actually experiencing growth and adding more subscribers every quarter. The reasons for this are twofold: one, the company actually provides a high-quality product; and two, its customer support is outstanding, which alleviates the frustration many customers feel toward their cable companies.

Telus has 980,000 TV customers, 3.1 million wireline customers, 1.5 million Internet subscribers, and 8.4 million wireless subscribers. In the last quarter, it added 120,000 subscribers across these different offerings. Net income also increased, which is always a good sign.

To get an idea on how well the business is doing, consider that its average revenue per user has increased every single year for 19 years. Getting a customer to pay \$50 is fine; getting them to pay \$75 is way better.

### Attractive share price

The company has seen its stock drop from over \$44 to \$36.50 in the matter of a few months. However, this drop in stock price is a great opportunity for you.

The last time it reached these lows was in early 2014. The difference is that its earnings have grown tremendously since that time. In 2013 it earned \$2.01 per share, and that grew to \$2.31 per share in

2014. If analysts are correct and the company can meet those expectations, Telus will earn \$2.51 per share, which will send shares much higher.

### **Lucrative dividend and buybacks**

I like Telus Corporation at these prices because the dividend is incredible. Due to the drop in price, it pays a yield of 4.84%, which is \$1.76 per year. What's nice about this \$0.44 per quarter dividend is that Telus has been increasing it pretty regularly. In 2015 the dividend grew twice. Over the past five years the company has increased it 12 times. A pay raise twice a year is a really nice proposition.

Another reason I am a fan of this stock is because of its generous share-buyback plan. In 2015 Telus spent \$412 million buying shares of the stock back from investors. This is part of the reason its EPS has been increasing. Since 2004 it has spent \$4.7 billion. The more shares that Telus buys, the stronger your position will be.

Fundamentally, I believe that Telus has been unfairly beaten down. The fear of competition and the overall weak market sent these shares falling to levels not seen in quite some time. In my opinion, it's time for you to be greedy and buy shares of this steal of a stock. It's not every day investors can get a nearly 5% yield on a company that has a bright future ahead of it.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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2. TSX:T (TELUS)

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