



## Telus Corporation Can Provide Both Dividend Income and Growth Prospects

### Description

There's no shortage of dividend-paying stocks in the market for investors to pick from. Some of those investments can offer a steady stream of income with less than stellar payouts, and other companies can offer a great dividend income, but have limited growth prospects over the long term.

Finding a balance between these two is rare to find, but fortunately for investors, that's exactly what **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) can offer.

### What makes Telus so great?

For starters, Telus is the fastest-growing telecom in the country. While the growth that the company has been experiencing has slowed in recent quarters, Telus still managed to add 61,000 wireless, 18,000 internet, and 13,000 new TV subscribers in the most recent quarter.

When comparing these numbers with Telus's competition, these are by no means overly impressive, but these figures did beat what analysts had projected for the quarter, and Telus maintains a minuscule churn rate of just 1%.

While there are several reasons for the churn rate being this low, it ultimately comes down to Telus offering a service that customers actually want and being more amenable to the requests of its clients, especially in comparison to the other major telecom competitors, which have developed a reputation over the years for being less than flexible.

Keeping existing customers and attracting new customers is great, but another point to consider is the commitment that Telus has made to improvements. Telus has already slated an additional \$200 million to be used for upgrading existing copper wire to fibre optic lines over the next few years. This amount is in addition to the \$2.65 billion Telus has already committed to upgrades.

### Telus as a dividend-growth machine

Telus pays one of the best dividends on the market. The quarterly dividend of \$0.46 per share results in the stock having a very respectable 4.26% yield. Impressively, Telus has increased that dividend by

roughly 12% per year over the past decade. To put that growth into perspective, the dividend payout a decade ago was just \$0.136 per share.

The only thing better than a great dividend which has a record of growth is a dividend which has a plan to continue growing, and Telus provides this. The company recently stated that investors could see between 7% and 10% growth of the dividend over the next few years.

That level of dividend growth is attainable and will not hamper growth either. Telus maintains a payout level of below 70%, which leaves ample room for growth and a steady increase to the dividend.

Looking beyond the dividend, Telus has been actively involved in a number of share-buyback programs, which have helped give the stock a boost. At the end of 2012 Telus had 655 million outstanding shares. At the turn of this year that number was just over 600 million, and, as of the most recent quarter, that figure is closer to 590 million.

In my opinion, Telus remains one of the best investments on the market for investors who are looking for both income as well as growth. The continued investment in infrastructure as well as keeping customer churn down should continue to keep the Telus machine working and investors happy.

## CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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