



## Dividend-Growth Investors: Telus Corporation Raises its Dividend. Is it Time to Buy?

### Description

**Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) raised its dividend after reporting less than impressive earnings last week. The dividend yield is now at a very bountiful 4.4% and looks to be cheap compared to its peers in the Canadian telecom scene. The stock could be a great pick now, as the dividend yield is quite a bit higher than its historical average of 3.9%.

### Dividend hike? Yes, please

Telus saw its quarterly profit take a step back thanks to increased spending on the new broadband network the company is currently rolling out. The company spent billions for upgrading its both its internet and wireless infrastructure in the fight for the best network in western Canada.

Despite the massive amount of spending, I believe Telus is heading in the right direction, and the dividend should continue to grow at an impressive rate for the next few years. The management team at Telus stated that it has plans to raise the dividend by up to 10% per year until 2019. This news should make income investors very happy to hold the stock for the long term.

Investors in Telus can feel comfort that the management team delivers excellent communication on the direction of its dividend. One key metric I use to value stocks is the ability for a company to grow its dividend, and this seems to be one of the goals of Telus, which makes it a very attractive pick for dividend-growth investors.

In addition to dividend raises promised for the next few years, Telus is aggressively buying back its shares. The number of outstanding shares can be expected to decrease each year, which will deliver huge value to current shareholders in the company.

### Customer service is Telus's edge over the competition

Telus also has one of the best reputations regarding customer service. The company has received far fewer complaints than its competitors. The focus on great customer service will cause customer retention to increase and gives the upper hand to Telus, as Canadian telecom companies normally

don't have very good reputations with their customers. It's difficult to gain a positive reputation, but Telus is taking the steps to be on top in this category.

Telus currently has over 12 million subscribers across all of its platforms, and retaining customers is just as important as getting customers to switch from a competitor.

Telus is less expensive than its peers in the Big Three Canadian telecoms; the price-to-book ratio is at 3.1, which is more than 25% less than the other two telecoms in the Big Three. Although Telus is expected to continue to spend on its network, the company has a solid dividend-growth strategy in place.

If you're an investor looking for dividend growth, high income, and great value, then Telus is one of your best bets.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

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

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## **Author**

joefrenette

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