



## Is Telus Corporation the Stock Your Portfolio Needs?

### Description

**Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) is the third-largest telecom in the country. Just like the other major telecom players in Canada, Telus offers subscription services across phone, internet, wireless, and TV segments. Coverage is steadily growing, but it doesn't yet quite cover the entire country.

Size and coverage alone aren't key factors in deciding if you should invest in Telus, however. In fact, in many ways, Telus has some fairly compelling points that make it a great, if not better, investment opportunity over some of its larger peers.

### Dividend growth continues

First and foremost, Telus offers a great dividend. As far as dividend-paying stocks go, Telus is often cited as being a great buy-and-forget candidate, and for good reason.

The current quarterly dividend comes out to an impressive \$0.4925 per quarter, providing an appetizing 4.30% yield to investors. Telus recently hiked the dividend as well as the 2017 guidance as a result of favourable results in the most recent quarter.

That latest hike also keeps with Telus's policy of increasing the dividend by 10% annually. This alone may be reason enough for some investors to consider the stock, as that level of dividend growth over a prolonged period can significantly increase your holding.

### What about those quarterly results?

Earnings in the most recent quarter topped \$441 million, registering a 16.7% increase over the same quarter last year. EBITDA also saw a sharp 10.6% increase in the quarter, coming in at \$1.261 billion.

In terms of new financial targets for the remainder of the fiscal year, Telus is forecasting earnings to come in between \$2.49 and \$2.66 per share.

Telus added 44,000 postpaid wireless subscribers in the most recent quarter, which is an improvement over the same quarter last year and a point of interest that analysts will continue to monitor with each

passing quarter. The wireless market has become significantly aggressive in recent years, as telecoms realize the market potential tied to higher bandwidths and usage fees, while consumers struggle to find the best deal.

Telus has, with few exceptions, led other telecoms in wireless subscriber growth, but the company ceded that lead in the most recent quarter to **Rogers Communications Inc.**, which reported 60,000 new wireless subscribers being added.

Another point of interest is the new wireless service being offered by **Shaw Communications Inc.** known as Freedom mobile, which pundits see as a fourth player in the national market that could claw away subscribers from Telus and others.

One area where Telus continues to excel is in increasing the ARPU, or average revenue per user. In the most recent quarter, the ARPU increased by 3.9%, coming to \$65.53. Part of the reason for this increase can be attributed to Telus's knack for keeping churn to an industry best, most recently hitting 0.93%.

### Is Telus a good investment?

Telus's dividend continues to be one of the key reasons that investors consider the stock, but it's not the only one. The fact that the company continues to see significant growth and invest in the future should keep investors happy.

In my opinion, Telus remains a great investment opportunity for investors looking to diversify their portfolios with a telecom stock that has both income and growth potential.

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2. Investing

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