



3 Top Reasons That Make This Dividend Stock a Buy Right Now

Description

When you're buying a stock to earn regular income, there are certain qualities you should look for before making an investment decision. Among Canada's Big Three telecom companies, **Telus** ([TSX:T](#))([NYSE:TU](#)) fulfills many criteria to make it a top dividend stock to buy.

Telecom stocks are great cash cows

Telecom utilities have a unique appeal if your aim is to earn regular income and don't take too much risk. These companies, after building a huge network that connects people through the internet and cellphones, generate strong cash flows. And that cash flows keeping coming as long as customers continue to pay their bills.

[Telus is Canada's](#) fastest-growing telecom services provider, with \$13.3 billion of annual revenue and 13.1 million subscriber connections, including 8.9 million wireless subscribers and 1.7 million high-speed internet subscribers. The company has also created a niche in providing IT solutions to the healthcare industry with a strong global business process unit.

Strong growth momentum

This solid position in Canada's telecom sector, where the major competition is only among three companies, is helping Telus to post growth in both revenue and profit.

In an earnings announcement on Feb. 14, Telus added 112,000 new wireless contract subscribers in the fourth quarter, ahead of average forecasts for about 105,000.

On the residential side of its business, Telus added more subscribers than expected, with 24,000 new television customers and 28,000 new internet clients.

Profit at the company increased by 4% to \$368 million, or \$0.60 a share. On an adjusted basis, Telus earned \$0.69 a share, ahead of analyst estimates. Revenue increased by 6.3% to \$3.76 billion as the company booked gains from data services on both wireless and home internet.

A reliable income player

With this growth, investors are also benefiting in the shape of growing dividends. Telus is targeting ongoing semi-annual dividend increases, with the annual payout growth in the range of 7-10% through to the end of 2019.

With an annual dividend yield of 4.48%, investors are getting \$0.545 a share quarterly payout. I see [Telus's dividend growth](#) continuing in an environment which is lucrative for utilities.

Canadian telecom stocks operate in a sweet spot where the competition is not that intense, as you'll witness south of the border. The company is gradually expanding its customer base with strong earnings growth and cash distribution.

Bottom line

Telus shares, at \$48.59, have seen a good rally this year and are trading close to the 52-week high. Telus is among the top dividend payers in Canada, and any dip in its stock should be a buying opportunity to take advantage of its growing dividend.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks

2. Investing
3. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/07/03

Date Created

2019/03/22

Author

hanwar

default watermark

default watermark