



## 3 Ways Telus (TSX:T) Is a TSX Rock Star

### Description

**Telus** ([TSX:T](#))([NYSE:TU](#)) continues to ride high and lord it over the telco cartel in Canada. About three weeks ago, the telco firm boldly announced that Canadians living in rural and remote areas will have access to broadband internet. Telus just upped the ante in infrastructure investment.

Telus had the vision that all Canadians should have an internet connection. Since 2000, the company has laid down the groundwork. The running total of investment to date is more than \$175 billion already. About \$40 billion has been earmarked for the next three years. By then, the company would have sunk in a total of \$215 billion.

### Long-standing track record

Telus's long-standing track record of investment is deserving of praise. Its 4G LTE wireless network encompasses 99% of Canadians. As of year end 2018, the Telus PureFibre network was made available to 76% of families and businesses in the Quebec ILEC territory. People enjoy lightning speed, coverage, and quality.

For this year, \$124 million will be spent on rural wireless upgrades. More importantly, even Canadians in far-flung areas with the least chance of receiving wireline broadband service will be provided with the expanded access to Wireless High-Speed Internet Access (WHSIA).

Before 2020 ends, the number of indigenous communities throughout Alberta and B.C. with an internet connection would increase from 40 to 50. The innovative partnership program that Telus initiated back in 2016 and jointly funded by local governments, developers, and indigenous organizations was a huge success.

### Solid results

Many [investors love Telus](#) because of its pure-play wireless position. Management's splendid work translated into solid numbers. Total connections last year increased by 2.9% to further cement the

industry foothold.

In terms of financial results, 2018 operating revenues (\$14.4 billion) and adjusted EBITDA (\$5.8 billion) rose 7.2% and 4.9%, respectively. The dividends declared increased by 6.6% from \$1.97 per share in 2017 to \$2.10 per share in 2018.

## Focus on the wireless space

Canada's wireless market might be saturated, but prices are bound to grow and to be accompanied by high margins. In comparison to other telcos, the performance of Telus is pretty impressive.

The company has not lost focus on the wireless space, which is the real source of growth. Telus's network advantage is the reason for the low customer-attrition rate. Customers are generally happy and will remain loyal to the brand.

Further, with Telus's capex spending on the decline, there would be extra cash to boost the dividend and satisfy dividend-growth investors. Moving forward, the growth estimate for the next five years is 7.47%. Dividend growth is forecasted to be 7% with 75% payout ratio.

## Milestones in the making

Telus's slogan, "the future is friendly" befits the present. The industry challenge is revenue growth but Telus is not likely to experience cash flow hitches in the near term.

The price is almost \$50; analysts see the stock touching the \$60 level next. If you want to be practical and [defensive](#), go for the broadband network ruler with milestones still in the making.

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