



Why Telus (TSX:T) Just Became an Even Better Buy

Description

Telus ([TSX:T](#))([NYSE:TU](#)) announced earlier this week that it was purchasing ADT Canada in a deal worth about \$700 million. It's an important move for Telus, as it gives the company a way to bolster its services while potentially delivering more growth for investors.

Why the deal is a great move for the company

Security is not something brand new for Telus; last year that the company began offering SmartHome Security as well as Secure Business. Telus reports that as of its most recent quarter, Q3, it had around 100,000 subscribers for its security services, a number that's sure to grow with this deal. ADT Canada, meanwhile, has about 500,000 customers.

The bigger picture, however, is that the acquisition gives Telus a way to beef up its existing security products. And by doing so, that could help the company generate a lot more growth. In its most recent quarter, operating revenues of \$3.6 billion were up 4.2% from the prior year.

With the company being more focused on security services, it could help Telus improve its sales, as the deal could help Telus not only offer high-priced packages, but it could also attract new consumers as well, potentially converting ADT Canada customers who aren't already Telus customers.

For a company of Telus's size in an industry where it's effectively trading customers back and forth with its peers, finding sustainable growth can be difficult. That's where acquisitions like this can give Telus a way to differentiate itself from its competitors by allowing the company to offer a better product to its customers.

And this move certainly does that for Telus. While the company was capable of offering its own security services, adding ADT Canada in the mix helps to add a big brand name behind it, which could help land customers that may have been on the fence about its services. If nothing else, it helps to accelerate the development of the security segment.

Health monitoring also likely to get a boost

It's not just Telus's security services that can benefit from the deal, either, as it can help add value to the company's current health monitoring services for patients and seniors. And with the population continuing to age, and seniors making up more of the country's demographics, there's going to be more of a need for these types of services in the future.

Bottom line

Overall, purchasing ADT Canada looks to be a good way for Telus to expand its services, and it should help the company's financials look [even better](#). With the company generating well over \$1.1 billion in free cash flow last year, Telus is in a good position to be able to take on investments like this given its strong financial performance.

And any way that the company can make itself a [more attractive option](#) compared to its peers is a big win for Telus, as it could help gain more market share in the process.

The deal to purchase ADT Canada is expected to be completed before the end of the year.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/09/08

Date Created

2019/10/04

Author

djagielski

default watermark

default watermark