



This Telecom Stock's Excellent Customer Service and Aggressive Approach Make it a Winner

Description

There are some stocks you keep in your portfolio because you know the chances of them disappointing you are minimal. **Telus** ([TSX:T](#))([NYSE:TU](#)) is one such income earner that will help you beat inflation and keep you in good stead for years to come.

Telus is the number three telecom player in Canada after **BCE** and **Rogers Communication**. This \$29 billion company derives its revenues of \$14.6 billion from 14.2 million customer connections spanning wireless, data, IP, voice, television, entertainment, video, and security.

Telus is an aggressive company. In an increasingly competitive space, Telus added 154,000 new subscribers in the second quarter of 2019, up 45%. This included 82,000 mobile phone additions, up 19%, and 72,000 mobile-connected devices additions. Its operating revenue moved up to \$3.6 billion, indicating growth of 4.2% from the same period last year, and EBITDA increased by 9.8% to \$1.4 billion.

Focus on customer service

The reason Telus remains a good buy in the telecom space is because of its razor-sharp focus on customer service and client care. A direct outcome is that Telus regularly reports the lowest customer attrition in an industry notorious for fleeting loyalties.

The company is quick to jump on opportunities. As BCE refused to roll out broadband 5G in rural Canada after regulation by the CRTC that reduced the price ceiling on wholesale wireless rates, Telus charged into Alberta, investing \$16 billion and rolling out 5G services in the broadband segment. With the expected 5G rollout in 2020, Telus could be sitting on a goldmine.

Growth via acquisitions

The company has also just bought ADT Security Services Canada for \$700 million, as it furthers its

foray into automated security. Telus says it expects to add 12,000 new customers in its security business in the third quarter of 2019. If Telus does meet these numbers, it will bring the total number of security customers to 100,000.

Security could play an important role in the future of Telus's growth. The company can up-sell the home security proposition to its wireline subscribers. As the Internet of Things expands further, Telus's potential market size only increases.

Telus has been increasing dividends for 14 straight years now and has announced two hikes a year in the last nine years. It's a safe company you can rely on when you are running short of cash. Telus boasts of a dividend yield of 4.8%. The company says it expects to increase dividend yield between 7% and 10% until 2022.

[As Fool contributor, Nelson Smith reported](#), if you had invested your dividend into buying more Telus shares in the last decade, a \$10,000 investment would have turned into \$41,500. That's an annual growth rate of 15.3%. It would be unrealistic to expect Telus shares to continue to grow at the same rate in the coming decade.

Telus is currently trading at \$47.24 at a forward P/E of 15.35. It seems to be a fair valuation for the stock. Ten analysts cover the Telus stock and five of them have a "hold" recommendation on the stock, four have a "buy" position, and one has a "strong buy" recommendation.

They have an average target price of \$52.21 for Telus, indicating upside potential of 9.3% from the current trading price.

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