



Why Telus's Stock Price Lagged the TSX Index in April

Description

Telus's ([TSX:T](#))([NYSE:TU](#)) stock price had less downside in the first three months of 2020, just as it had less upside in April. The stock rose a mere 2.2% in April compared to a 10.5% rise for the TSX. In the first quarter of the year, Telus's stock price fell 9.5%, versus a 13.4% fall for the TSX Index.

So, the stock was less volatile with less downside. This really illustrates the value of a stock like Telus. [The fact that it has less volatility](#) makes it an anchor for our portfolios. This is an invaluable trait as we tackle today's uncertain and precarious environment.

Please read on for a look at what drove Telus stock price performance in April and in 2020 so far. We will also look at what we can expect from Telus stock going forward.

Telus's stock price benefits from stability as we can expect robust upcoming earnings

Earnings season is here. It is an earnings season that will see many blow ups, many disappointments, and an abundance of bad news. At a time when the majority of companies will report weak and even catastrophic earnings, a company like Telus is a comfort. Earnings at Telus will be relatively unaffected by the economic troubles.

Telus's revenue is sticky. [The telecommunications industry is a defensive one](#). And Telus stock is a star among stars, with strong free cash flow and dividend growth. Telus will report first-quarter results on May 7. Estimates are calling for earnings of \$0.36 per share, down slightly relative to last year's result.

Telus results will be a bright spot in a sea of trouble. Investors can expect to see a solid, resilient business model in action. For the year, free cash flow is expected to rise at least 50% to between \$1.4 billion and \$1.7 billion. Telus has a long history of semi-annual dividend increases, with a seven-year compound annual growth rate (CAGR) of almost 12%.

Today, with isolation and social-distancing policies in effect, telecommunication companies are seemingly more important than ever. All of this should drive demand for Telus stock.

Telus's stock price benefits from increased visibility and promise of Telus Health

Telus Health is a leader in digital health technology solutions. The COVID-19 struggle has brought this fact to the forefront. "Telus Health is leveraging the power of technology to improve access to care and revolutionize the flow of health information." The goal is to create better outcomes for Canadians. The more this comes to the forefront, the greater the impact on Telus stock.

Recently, the benefits of this technology have been put on display. In response to the healthcare challenges presented by COVID-19, Telus has expanded its digital home health monitoring solution. This platform "enables healthcare providers to track symptoms and provide medical help for more patients as they recover from home." This means better care, a lower burden on hospitals, and less virus spread.

Foolish bottom line

We can expect Telus stock price to continue to provide a steady and resilient performance. The company's stable and growing earnings and cash flow profile underpin this expectation. It is also underpinned by a defensive industry and a generous 5% dividend yield.

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