



Coronavirus 2020: Why Telus Stock Is a Top Stock to Buy

Description

Telus Corp. ([TSX:T](#))([NYSE:T](#)) stock is a prime beneficiary of the coronavirus 2020 crisis. A transformation is taking place in all areas of society. Digitization is sweeping across society and Telus is prepared. The company release its first- quarter earnings yesterday. The report as well as management's update on the conference call has left me extremely bullish on Telus stock.

Let's take a look at why I believe Telus stock is a top stock to buy.

Telus to benefit from coronavirus-inspired changes

The coronavirus has inspired a multitude of changes. But if we look closer, we will see that these changes were already happening and that the coronavirus has just accelerated them. We are now at a place where we realize that broadband [investment in our telecommunications infrastructure is essential](#). It has saved us in this crisis and has bettered our lives.

Telus has invested heavily in its system for years. Today, it stands as a leader in Canada and worldwide. In the crisis, Telus has easily handled record high traffic levels. Management equated these levels to Super Bowl-level traffic. 4G speeds are fastest in Canada, and Telus has won many awards for its network.

Telus Health is among programs to benefit Telus stock

Even before the coronavirus outbreak, this healthcare app by Telus was a great example of how technology can make our lives easier and better. It is even more evident now as it transforms that Canadian healthcare system at unprecedented speed.

Babylon by Telus Health is a healthcare mobile app that allows patients to check symptoms and have doctor consultations. Sounds useful in today's times, right? The Telus Health Electronic Medical Record (EMR) solution has invested \$ 2 billion in the Canadian healthcare system in the last five years and has a dedicated team to manage all tech and data needs.

Telus International, which [helps companies with their digital transformation](#), is another beneficiary. Telus International "provides customer service outsourcing and digital IT services to global clients." It is at the forefront in the digitization of society and we can therefore expect to see demand improve dramatically in the coming months.

The rise in remote workers has been dramatic, with a 170% increase. Telus' 5G network will increasingly allow work from anywhere. This is expected to drive a boost in productivity, while ensuring business continuity.

Telus earnings negatively affected by coronavirus

While Telus results were negatively affected by the coronavirus disruptions, this was easily brushed off by the company. Revenue and EBITDA was negatively affected but still up 5.4% and 4.2%, respectively. Lower handset sales as a result of store closures and lower roaming fees were among the culprits. On the bright side, net customer additions and subscriber growth were strong, and churn rate was low.

Telus' liquidity and balance sheet remain strong. The company expects to achieve its previous free cash flow guidance with the help of cost cutting. Despite this, Telus decided to delay the scheduled dividend increase. These uncertain and difficult times mean that caution is warranted. Also, there may be better ways to spend this money.

Foolish bottom line

Telus stock has become a top stock to own in this coronavirus crisis and its aftermath. The dividend is safe and the company is on the right side of the digitization trend. Telus' dividend yield is currently just over 5% and the stock is one of my top picks today.

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