



Telus Stock: Do You Buy, Sell, or Hold?

Description

Shares of Canada's telecom giant **Telus** ([TSX:T](#))([NYSE:TU](#)) are trading 22% below their 52-week high. It has underperformed the broader markets in the recent sell-off. The **iShares S&P/TSX 60 Index ETF** is down 15% from record highs. However, in the last decade, Telus has easily crushed market returns.

For example, if you would have invested \$10,000 in Telus back in May 2010, it would be worth close to \$18,000 today. A similar investment in the ETF would have returned \$13,000.

But past returns don't matter much for current and prospective investors. Let's see if Telus remains a solid buy for the upcoming decade.

Telus is part of a recession-proof industry

With over 15 million customers and annual revenue touching \$15 billion, Telus is a telecom heavyweight with several business segments including wireless, data, television, entertainment, video, and security.

One of the more attractive aspects of Telus is that the company is part of a recession-proof industry. Your monthly mobile data is considered a utility, which will result in stable cash flows for the firm. While Telus has diversified into other businesses, it primarily generates revenue from the wireless segment.

Since 2000, Telus has invested \$181 billion in network technology, infrastructure, and operations. In the next three years, it aims to invest an additional \$40 billion with a significant portion of investments targeted towards the transition of 5G.

These investments have contributed towards building the Telus brand. It has also established the company as a market leader in wireless networks. According to an OpenSignal report, Telus has one of the fastest 4G download speeds of 75 Mbps that has helped the company retain and acquire millions of customers.

Last year, Telus managed to increase fibre subscriptions by 36%. In its shareholder letter, Telus [states](#), “Our wireline network was recognized as providing Canada’s number one **Netflix** streaming and best Wi-Fi experience in the country, and TELUS was named the best gaming internet service provider for 2020, among all major ISPs in Canada, by *PCMag*.”

Valuation, dividends and more

Telus’s stable business and predictable cash flows make a dividend cut unlikely. Due to the recent weakness in this stock, investors can enjoy a tasty yield of 5.1%. So, by investing \$10,000 in this company, you can generate \$510 by dividends annually.

In 2020, Telus had forecast revenue growth between 6% and 8%. Its adjusted EBITDA might grow between 5% and 7% with free cash flow estimated between \$1.4 billion and \$1.7 billion. In the first quarter, its [revenue was up](#) 5.4%, while EBITDA rose 4.2%. It reported a free cash flow of \$545 million.

The COVID-19 pandemic will have an impact on company financials. In normal business conditions, the telecom behemoth would have reported an EBITDA of 6.2% in Q1. The company has also deferred its dividend increase temporarily due to the ongoing pandemic.

Telus stock is trading at a forward price-to-earnings multiple of 17. It has a forward price-to-sales ratio of 1.9 and a price-to-book ratio of 2.7. The stock is trading at reasonable valuations, and its forward yield makes it an attractive pick for income investors. It is one of Canada’s largest companies and continues to remain a solid bet for long-term investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

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. Coronavirus
2. Dividend Stocks

- 3. Investing
- 4. Tech Stocks

Date

2025/08/26

Date Created

2020/05/11

Author

araghunath

default watermark

default watermark