



Telus (TSX:T) Stock Is Still a Buy as it Makes New Highs!

Description

Telus ([TSX:T](#))([NYSE:TU](#)) is a dividend stud that's a hair away from making a new all-time high. With an increased focus on spending on the next generation of telecom tech, I think Telus stock is still an attractive buy for those seeking stability in what could be a [rocky](#) second half of 2021. Undoubtedly, inflation is the top concern of investors these days. Although inflation jitters and rate-hike woes have calmed considerably in recent weeks, there's really no telling what's up next. In any case, I don't think we've seen the last of the inflation jitters, which could very well grip Mr. Market in fear once again.

For investors looking to not only fight off inflation, but for great returns through 2022, I think Telus stock boasts one of the best risk/reward profiles out there today. Yes, the stock is at an all-time high, and the price-to-earnings (P/E) multiple is at the higher end at just north of the 30 times mark. But given the magnitude of earnings [growth](#) that could be on the horizon and the stability of the firm's cash flows, I think the stock is not nearly as pricey as it could be.

Telus: A winner that won't stop winning

Telus has a lot of things going for it. Not only are industry tailwinds working in its favour, with 5G and Fibre spending poised to pick up traction as a part of the post-pandemic spending surge and the 5G boom, but Telus has also shown signs that it can outcompete any peer that dares step onto its turf.

In 2020, Telus outpaced many of its peers, especially on the west coast. As Telus continues investing heavily in telecom infrastructure, I think Telus's lead could continue to increase, perhaps drastically. CEO Darren Entwistle has a tonne of industry expertise. Combine that with Telus's reputation for network quality and customer service, and I think Telus is a force to be reckoned with.

Moreover, with the triopoly days of the Big Three Canadian telecoms to make a return, Telus is poised to become that much more profitable. Undoubtedly, Canada needs competition in the telecom scene. With recent consolidation, though, I don't think the Canadian telecom scene will get the competition that the federal government sought. As such, Canadian consumers can expect to continue paying up a pretty penny for their monthly telecom bills. The lack of competition bodes really well for the telecoms,

especially Telus, which has really loosened its purse strings as far as 5G spending is concerned.

Apple-induced margin pressures on the horizon?

With **Apple** recently introducing its “Buy Now, Pay Later” plan, the broader basket of telecoms could lose a bit of financing business. Undoubtedly, many iPhone upgraders could opt to finance their latest devices with Apple over a telecom, applying some pressure to telecom margins.

For Telus, I expect any such pressures to be very modest. Telus is a winner that’s poised to keep on winning. The competitive edge and the relative lack of telecom options on this side of the border bode very well for Telus. As such, I wouldn’t hesitate to buy shares as they look to eclipse the \$30 mark.

Bottom line

Yes, Telus isn’t cheap. But it’s not cheap for a reason. The company is showing that it’s the best of its breed. And in this market, you’ve got to pay up for quality.

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