



Top Growth Stock for August 2021 in a Safe Industry

Description

TELUS ([TSX:T](#))([NYSE:TU](#)) has delivered leading [financial and operational results](#) for several years. The team's dedication to a social purpose has earned it the trust and loyalty of customers and communities, while also driving industry-leading results. Facing unprecedented challenges, TELUS's execution drove strong operational and financial results in fiscal 2020, including industry-leading customer growth in both the company's wireless and wireline portfolios.

In addition, TELUS ranked number one in the industry with 537,000 wireless customer additions, along with industry-leading subscriber growth across the internet, TV, and security. Consistent with TELUS's revised goal to deliver flat to slightly positive earnings growth in 2020, the company's consolidated operating revenues and earnings grew by 5.5 and 0.2 percent, respectively, reflecting the company's [strong resiliency](#) and operational excellence, which helped it to mitigate pandemic-related impacts.

Positive earnings growth

Notably, TELUS was the only national telecom provider to report positive earnings growth for the year. Similarly, TELUS continued to drive a strong free cash flow of \$1.43 billion, up 54 percent over 2019, and within the lower end of the company's original target range of \$1.4 to \$1.7 billion, set back in February 2020.

Importantly, this free cash flow result was achieved while continuing to make astute capital investments in line with TELUS's original capex guidance for the year.

Further, TELUS's courage to innovate has driven strong and leading wireless results. TELUS has engaged in leveraging the strength of the company's digital channels, coupled with the company's performance culture and the grit exemplified by TELUS' team in pivoting retail sales personnel to outbound sales and service capabilities.

This led to the achievement of industry-leading smartphone and total wireless net additions of 280,000 and 537,000, respectively.

Leading client growth

Furthermore, TELUS' leading client growth has been supported by the company's customer service excellence ethos, including the company's top-ranked customer loyalty results across key product lines, owing to TELUS's dedication to delivering premium client experiences over the world's best broadband wireless network.

The company finished fiscal 2020 with blended churn at less than one percent for the first time. Underlying this result, TELUS postpaid churn of 0.77 percent represented the company's seventh consecutive year of postpaid churn below one percent, a feat unmatched by the company's national and global peers.

TELUS's consistent focus on profitable, high-quality smartphone-centric subscriber growth appears to have been offset by impacts related to the pandemic, notably lower roaming revenues, driving a decline in network revenues of 1.5 percent.

Focused on cost management

This revenue decline was partially mitigated by TELUS' ongoing and intense focus on cost management. As a result, TELUS' wireless earnings were down only one percent and this result was industry-leading versus the company's national peers. In wireline, TELUS once again delivered industry-leading revenue and earnings growth, as well as the best customer growth.

The company results reflected the increased contributions from internet and third-wave data service growth, as well as robust performance in TV customer additions, strong growth in its security customer base, and the continued reduction of voice line losses.

Overall, at current market prices, TELUS appears very well-positioned to outperform the general market.

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nikhilwaterloo

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