



## TELUS (TSX:T) Smashes Earnings: Should You Buy the Stock?

### Description

Canada's earnings calendar remains full this month, although some top names have reported blowout earnings already. On November 5, 2021, 42 companies presented their latest quarterly results. However, it was the country's second-largest telecommunications firm that had the most [positive impact](#) on investors.

### Good news for investors

Doug French, Executive Vice-president and CFO of **TELUS** ([TSX:T](#))([NYSE:TU](#)) said, "TELUS delivered not only strong operational and financial results in Q3 2021 (quarter ended September 30, 2021) but healthy free cash flow growth too. Current investors were doubly happy because management raised the dividends by 5.2% year-over-year. The telco stock has advanced since and is now up 19.05%. Also, at \$29.02 per share, the dividend yield is 4.52%."

Telus President and CEO Darren Entwistle emphasized the telco's long-standing, multi-year dividend growth program. He said, "The dividend increase reflects our healthy balance sheet position." Thus far, through October 21, 2021, TELUS paid approximately \$1.66 billion in dividends (four quarterly dividend payments) to individual shareholders, mutual fund owners, pensioners, and institutional investors.

### Geared to high growth

Entwistle further adds, "TELUS' continued execution excellence was again characterized by the consistent combination of industry-leading and profitable customer growth." The day was made sweeter by the solid double-digit revenue growth, with the increased profitability of **TELUS International**.

Entwistle said, "Our results are buttressed by our highly differentiated and potent asset mix geared towards high-growth, technology-oriented verticals." The growth in operating revenue and net income versus Q3 2020 was 6.8% and 11%, respectively. Notably, free cash flow increased 26.1% to \$203 million.

The \$39.41 billion telco continues to advance its fibre build and 5G coverage. In terms of investments for the accelerated broadband build, TELUS spent \$445 million of the \$750 capital allocation target for 2021. TELUS, along with **BCE** and **Rogers Communications**, are competing for [5G network](#) dominance.

Rogers could even become the industry's second-largest telco if it secures regulatory approval to acquire **Shaw Communications**. TELUS and BCE oppose the proposed business combination because it could result in broadcast market dominance.

## More business highlights

During the same quarter, TELUS reported 320,000 new customer additions, up 16% (43,000) over last year. The figure includes 135,000 mobile phones, 110,000 connected devices, 46,000 Internet, 30,000 security, and 10,000 TV customers. Over the last 12 months, TELUS technology solutions' subscriber base rose 5.9% to 16.6 million. It also reflects 3.9% and 20% increases in mobile phones and connected devices subscriber base.

Management increased TELUS's consolidated capital expenditures by \$250 million to accelerate investments in the 5G network. Some of the funds went to the advanced purchase of equipment to mitigate supply chain risks and support subscriber growth. Moreover, the digitization expense will increase system capacity and reliability.

## The compelling reasons to invest

TELUS, a [Dividend Aristocrat](#), is ideal for long-term investors, given its confidence in executing its growth strategy, which leads to strong financial performance, not to mention EBITDA growth and margin expansion. The dividend hike in Q3 2021 represents the 11th increase since 2011.

Management expects a material reduction in its capital expenditure profile by year-end 2022 when the broadband build ends. TELUS will have more funds to support sustainable cash flow generation beginning in 2023.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

## **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

## **PP NOTIFY USER**

1. arosenberg
2. cliew

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/08/17

## **Date Created**

2021/11/15

## **Author**

cliw

default watermark

default watermark