



Why TELUS (TSX:T) Stock Climbed 18% in 2021

Description

In 2021, **TELUS** ([TSX:T](#))([NYSE:TU](#)) once again reaffirmed why it is one of the [best dividend stocks](#) to own in Canada. TELUS started off 2021 at \$25.21 per share and ended the year at \$29.79. That was an 18% gain. That failed to beat the **S&P/TSX Composite Index**, which delivered a 21.75% return in 2021.

TELUS stock delivered market-beating returns

However, when you factor in the \$1.255 per share in [dividends](#) paid in the year (a 5% dividend return), TELUS actually outperformed the TSX Index by 1.25 percentage points. It underperformed its closest competitor, **BCE**, this year. However, over the past five years, TELUS has delivered total returns that exceed its telecom peers by 27 percentage points.

With a market capitalization of \$40.5 billion, TELUS is the second-largest telecommunication stock (next to BCE). It provides both wireless and internet services across Canada.

Solid full-year results expected in 2021

For the whole year of 2021, TELUS is expected to grow revenues by around 8% to \$16.8 billion. Likewise, EBITDA should grow around 6% to over \$6 billion. Net income is expected to increase about 6% to around \$1.5 billion. TELUS raised its dividend 1.5% halfway through the year and then increased it another 3.5% for its January 2022 dividend.

Despite the pandemic, it has been a solid year for TELUS. The company continues to lead the industry in net [customer](#) additions. In fact, in the third quarter 2021, it added 320,000 customers (an increase of 43,000 customers). This set a new quarterly record. Some of this was due to TELUS's accelerated capital spend in the early part of the year. TELUS has been transforming its network from copper to ultra-fast fibre optic. This has been a pivotal move, especially as TELUS is also expanding its 5G service to more than half of Canada's population.

TELUS's digital verticals provide some nice growth upside

In addition, TELUS's digital verticals continue to perform well. The company is increasing its disclosure on these ventures. Its stake in **TELUS International** is enjoying an approximate 30% revenue growth. Likewise, TELUS Health and TELUS Agriculture have both delivered double-digit revenue growth in 2021. TELUS Agriculture, the smallest of these ventures, now has run-rate revenues of \$400 million. This simply demonstrates that these verticals are scaling fast. Combined with TELUS's other services, these verticals make TELUS stock a standout in the Canadian telecom space.

It has consistently outperformed and outcompeted peers. I believe its management team, under the leadership of Darren Entwistle, has been among the best capital allocators in the Canadian telecom industry. They have smartly built out the right quality infrastructure and are using excess capital to build digital verticals that are becoming substantial businesses.

A great anchor stock for any portfolio

TELUS has been a great dividend-growth stock. Over the past 10 years, it has grown its dividend by a compounded annual growth rate (CAGR) of 8.6%. Its dividend is nearly 2.5 times larger than it was in 2011. Combine a great dividend, a reliable utility-like business, and some growth not fully realized in the price, and TELUS is just a great all-around anchor stock for Canadians to buy and hold.

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