



TELUS (TSX:T) Just Made a Bold \$2.3 Billion Purchase

Description

The privatization of Canada's [telecom sector](#) somehow resulted in a monopoly. **BCE**, **TELUS** ([TSX:T](#))([NYSE:TU](#)), and **Rogers Communications** are the industry giants that controls 91% of the country's telecom business. Besides communications, BCE and Rogers operate media assets.

TELUS, the second-largest telecom, isn't into media but skews towards information technology. The \$39.61 billion company owns 65% of **TELUS International** and is active in healthcare and global food systems through TELUS Health and TELUS Agriculture.

On June 16, 2022, management announced another significant move as part of its diversification strategy. TELUS will acquire digital-health provider **LifeWorks** for \$2.3 billion. The latter is among the very few tech stocks with positive gains year to date (+23.35%).

A compelling and strategic acquisition

Doug French, TELUS's CFO, said, "This transaction is financially compelling and strategically attractive to TELUS, and a natural complement to TELUS Health, significantly accelerating our vision of advancing employer-based health care, increasing access to high quality, proactive healthcare and mental wellness for employees."

Stephen Liptrap, LifeWorks' president and CEO, said, "The transaction represents an exciting new chapter for LifeWorks. The combination of TELUS Health and LifeWorks represents an unmatched opportunity to create a leader in employer-focused primary and preventative digital healthcare and wellness solutions on a global basis."

The deal needs the approval of the shareholders of LifeWorks following the unanimous approval of the Arrangement Agreement by the board of directors. Darren Entwistle, TELUS's president and CEO, added, "Today's announcement will enable us to combine the respective skills and capabilities of LifeWorks and TELUS Health."

Perfect timing

The acquisition comes at the right time, as it can offset the slowdown of the wireless industry. John Butler and Hoa Nguyen, analysts at Bloomberg Intelligence, said that LifeWorks may help sustain TELUS's top-line growth through 2025. They estimate the expansion of the digital-health business to contribute between 4% and 6%.

Also, TELUS will gain exposure into adjacent, high-growth segments. Because of the complementing product portfolios, the analysts see good cross-selling opportunities. More importantly, TELUS will become a major force in the digital healthcare industry where patient interactions in post-pandemic are mostly outside of hospitals and clinics.

Economic driver

On June 17, 2022, TELUS announced the deployment of the new 3,500 MHz spectrum on its next-generation 5G wireless network. According to management, the enhanced capacity, low latency, and faster speeds should further support Canada's economic growth and competitiveness. Customers in Edmonton, Montreal, Ottawa, and Victoria will benefit from this latest deployment.

Tony Geheran, TELUS's executive vice-president and chief operations officer, said, "The deployment of our 3,500 MHz spectrum is an important step to unlocking the potential of 5G, particularly as it fuels innovation across different industries." He added that people in rural, remote, and Indigenous communities will have access to the ultrafast and reliable 5G network.

Buy-and-hold 5G stock

Management believes that its continuous investments and ongoing partnerships in 5G are actively shaping the Canada's health, environmental, and societal outcomes for a friendlier future.

TELUS advanced 3.87% to \$28.69 per share following the announcement of the forthcoming acquisition. This 5G stock is ideal for long-term investors. Besides the attractive 4.72% dividend, you'll have a hedge against inflation for years to come.

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
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/09/11

Date Created

2022/06/23

Author

cliew

default watermark

default watermark