



Why Is Everyone Talking About Telus Stock?

Description

Investors who got excited about **Telus Corporation** ([TSX:T](#)) stock and bought the dip last month could be sitting on a quick 9.4% capital gain since October 12. They also stand to receive more passive income after the company raised its quarterly dividend by another 3.5% on November 4 when it released record third-quarter operating results. Some long-term investors could earn a staggering 13.5% annual yield in 12 months.

TELUS is a \$41 billion diversified telecommunications services giant that has devised new growth pathways, even as its industry has matured. Through innovation and acquisitions, the telecom's customer numbers keep growing, and revenue is rising. At the same time, earnings and free cash flow growth have gathered pace recently. Yet, shares hit a significant low in October due to heightened market volatility.

Latest Q3 results support bullish sentiment on Telus stock

Telus runs a largely mature business that should otherwise generate low single-digit growth rates – or grow with the economy. However, the company's latest Q3 results depict a fast-growing business with strong earnings and cash flow growth potential.

Total consolidated revenue rose 9.9% year over year to \$4.7 billion and adjusted earnings before interest, taxes, depreciation, and amortization charges (adjusted EBITDA) increased by 10.7% year over year to \$1.7 billion. A strong 48% increase in GAAP earnings per share (EPS) and 63% surge in free cash flow, year over year, proved Telus stock is a defensive stock to buy during periods of market turbulence.

The business's largest operating segment, TELUS technology solutions, grew revenue by 9.3% from last year. The segment includes legacy mobile network operations, fixed data and voice and equipment services, health services, and agriculture and consumer goods services. While the company's digitally led customer experiences, TELUS International, expanded sales by 14.7% year over year.

As of September 30th this year, TELUS' mobile phone subscribers increased by 4.4% year over year

to 9.6 million, and connected devices have surged by 15.1% year over year to 2.4 million. Internet subscribers and TV subscriber numbers increased by 6.3% and 4.9% year over year, respectively. Total telecom subscribers are up 6.3% to 17.7 million.

Further, the company is billing more revenue per user than it did over the past few years. TELUS' average revenue per user (ARPU) increased 2.3% year over year to \$59.48, during the third quarter. This revenue streak set a new record for its mobile phone sub-segment during the past seven consecutive quarters.

Watch Telus' resilient growth projects

TELUS' new growth projects show serious momentum, especially in healthcare. The company's healthcare lives coverage has reached a staggering 60.4 million, a strong 41.1 million increase from 19.3 million just a year ago. A recent acquisition of LifeWorks contributed 36.9 million new subscribers to the mix. Thus, organic growth was a strong 19% sequentially, from 22.4 million lives covered just three months prior.

The company's second-largest single segment has also shown sustained double-digit revenue and earnings growth performance during the past quarter. In digitally led customer experiences, TELUS International (DLCX) revenue surged 13.6% year over year to \$667 million for the third quarter. Notably, quarterly adjusted EBITDA grew 35.5% year over year as segment adjusted EBITDA margins expanded to 24.9%, up from 21.1% a year ago. This profitability measure also hit a record, the highest during the past seven consecutive quarters. The segment is growing and becoming more profitable as it expands.

This investor group is earning a 13.5% dividend yield on T stock right now

Persistent regular dividend increases make Telus a popular [dividend growth stock](#) for passive income investors. The company has more than doubled its quarterly dividend over the past decade. Retirement planners who scooped shares in 2012 are sitting pretty today.

[Long-term-oriented](#) investors who bought Telus stock 10 years ago and held through two stock splits (one in 2013 and another in 2020) would have a cost-basis of about \$10.43 per share. The company paid a \$0.64 per share annualized dividend back then (adjusted for stock splits), which yielded 6.14% annually.

Fast forward to today, Telus stock has more than doubled in price, and management has more than doubled the dividend payout. The company's \$0.351 per share dividend payable next month is equivalent to \$1.404 per share annualized. Thus, long-term investors who bought Telus stock 10 years ago are looking at a dividend yield higher than 13.5% over the next twelve months.

Considering Telus's tradition of raising dividends twice every year, the income yield will be much higher for 2023. The company's current quarterly dividend is 7.3% higher than it was a year ago.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. brianparadza
2. cleona

Category

1. Dividend Stocks
2. Investing

Date

2025/06/27

Date Created

2022/11/15

Author

brianparadza

default watermark

default watermark