



Telus Stock: Here's What's Coming in 2023

Description

The **S&P/TSX Capped Communication Services Index** was [down 0.57%](#) in early afternoon trading on January 19. **Telus** ([TSX:T](#)) remains one of the top telecommunications stocks on the TSX. Today, I want to discuss what is ahead for this Vancouver-based telecom in the months ahead. Let's jump in.

How did this top telecom stock perform in 2022?

Shares of Telus have dropped 5% year over year at the time of this writing. However, this top telecom stock has jumped 7.2% in the opening trading weeks of the new year. Investors who want a more in-depth look at its recent performance can look at the interactive price chart below.

Should investors be encouraged by Telus's recent earnings?

Investors can expect to see the final batch of Telus's earnings in early February. In the third quarter of fiscal 2022, the company delivered operating revenue growth of 9.3% to \$4.64 billion. Meanwhile, it posted adjusted net income of \$471 million or adjusted basic earnings per share (EPS) of \$0.34 — up 20% or 17%, respectively, from the previous year.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This aims to give a better indication of a company's profitability. Telus delivered adjusted EBITDA of \$1.72 billion, which was up 10% from \$1.55 billion in the third quarter of fiscal 2021. Moreover, free cash flow surged 63% to \$331 million.

Telus delivered total Mobile and Fixed customer growth of 347,000 — up 27,000 from the prior year. That led its industry peers and represented the company's strongest quarter on record. Meanwhile, it posted high-quality mobile phone net additions of 150,000 which was up 15,000 compared to the previous year. This represented the best quarter on record since 2010. It also reported wireline customer net additions of 73,000, powered by its PureFibre network.

What is ahead for this company in 2023 and beyond?

The company completed its acquisition of WillowTree to open the new year. This adds a premier, full-service digital provider to Telus's stable. It will provide key front-end design and build competencies to the company's suite of end-to-end capabilities.

Back in the third quarter of 2022, Telus projected that its strong growth would be amplified by the acquisition of WillowTree. It last projected full-year revenue growth of 8% and adjusted EBITDA growth between 9-10%. Meanwhile, it anticipates free cash flow of approximately \$1.3 billion for the full fiscal year. Investors will not have to wait long to see the updated figures in early February.

Telus: Should You buy the stock today?

Shares of Telus currently possess a favourable [price-to-earnings ratio of 19](#). Moreover, it is trading in superior value territory compared to its industry peers. In the third quarter of 2022, the company declared a quarterly [dividend](#) of \$0.3511 per share — up 7.2% from the same period in fiscal 2022. That now represents a very solid dividend yield of 4.9%.

Telus remains one of the top telecom options on the TSX. It has posted superior growth with its 5G expansion and looks poised to finish fiscal 2022 on a strong note. This is a stock you can trust in the first month of 2023.

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