



Stock Deep Dive: Telus (TSX:T)

Description

When Canadians think of an industry featuring companies with a large moat, the Big Five banks are often mentioned. However, an equally impressive moat can be seen in the Canadian telecom industry. This industry is vast, as 99% of Canadians had access to LTE mobile network coverage in 2018. At that time, 87% of all major roads and highways also received coverage.

In 2018, mobile [revenues totalled \\$27.1 billion](#), coming from 33.2 million subscribers. Of this, 90.7% of all revenue came from the top three providers. This makes sense as **Telus** ([TSX:T](#))([NYSE:TU](#)) (28.8%), **BCE** (28.8%), and **Rogers** (19.9%) have the greatest coverage areas in the country. None of the remaining telecom providers even come close. In this article, I will be discussing Telus.

This company is a behemoth

Telus has a number of subsidiaries within its business. Of course, its main business segment is Telus Mobility. This is the division which sells wireless services in Canada. In 2019, Telus reported 10.2 wireless subscribers, an increase of more than 500,000 from the year prior. This represents an increase of 5.5% year over year.

Other divisions within the Telus business include Telus TV, Telus Internet, Telus International, and Telus Health. As of the company's 2019 annual report, Telus had a total of 15.2 million customer connections. With all of its business segments, except residential voice subscribers, continuing to grow, the company appears to be in a solid position to maintain or even expand its market share.

Entering one of the hottest industries today

As mentioned previously, Telus Health is one of the company's main focuses within its business. Telus offers a variety of solutions for several areas within the healthcare industry. Challenging companies like **WELL Health Technologies**, Telus offers its own EMR solutions to clinics and physicians. With five different EMR solutions, the company is proving that it intends on being a true contender, if not a market leader, in this space.

Telus also offers pharmacy management solutions, group benefits, and support for allied healthcare professionals, health authorities, and hospitals. In October, Telus launched Espri. This is the company's new mobile app that delivers mental health and wellness resources to frontline workers. During a time when physicians, nurses, emergency medical services, and other essential workers have been leaned on heavily, this should only bring more positive light towards the company's image.

One of the most interesting solutions that Telus has to offer is Babylon. I have [written about this previously](#) and believe it is an even more compelling feature that thrusts the company into the telehealth conversation. The telehealth industry was valued at US\$8.3 billion in 2019 and is expected to grow to US\$22.9 billion by 2025. This represents a compound annual growth rate of 18.4% over that period. Telus is positioning itself to take a large chunk of the pie in the future.

Foolish takeaway

Telus can be considered a safe investment, when lining it up to any of the top three telecom providers in Canada. In fact, it is tied for first in terms of mobile network coverage. However, the fact that the company has such a strong foothold in the telehealth industry thrusts it atop its peers, in my opinion. Telus is already a giant company, but it can still grow a lot more if it executes its plan on all fronts.

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