



## Rogers Communications Inc. or Shaw Communications Inc.: Which Is the Better Buy Today?

### Description

**Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) and **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) are two of the three largest communications and media companies in Canada. Both of their stocks represent great long-term investment opportunities today, but the laws of diversification state that we cannot own both, so let's take a look at the companies' most recent quarterly earnings releases, their stocks' valuations, and their dividend yields to determine which is the better buy today.

#### Rogers Communications Inc.

Rogers' stock has fallen over 7.5% year-to-date, including a decline of less than 1% since it announced its first-quarter earnings results after the market closed on April 20. Here's a summary of six of the most notable statistics from its report compared with the year-ago period:

1. Adjusted net income decreased 19.1% to \$275 million
2. Adjusted diluted earnings per share decreased 19.7% to \$0.53
3. Revenue increased 5.1% to \$3.18 billion
4. Adjusted operating profit decreased 3.2% to \$1.12 billion
5. Free cash flow decreased 25.3% to \$266 million
6. Cash provided by operating activities decreased 44.4% to \$227 million

At today's levels Rogers' stock trades at 14.5 times fiscal 2015's estimated earnings per share of \$2.88 and 13.8 times fiscal 2016's estimated earnings per share of \$3.02, both of which are inexpensive compared with the industry average price-to-earnings multiple of 18.9.

In addition, Rogers pays a quarterly dividend of \$0.48 per share, or \$1.92 per share annually, giving its stock a 4.6% yield at current levels. The company has also increased its annual dividend payment for 10 consecutive years, and its consistent free cash flow generation could allow this streak to continue in 2016.

## Shaw Communications Inc.

Shaw's stock has fallen over 12.5% year-to-date, including a decline of over 5.5% since it announced its second-quarter earnings results on the morning of April 14. Here's a summary of six of the most notable statistics from its report compared with the year-ago period:

1. Net income decreased 24.3% to \$168 million
2. Earnings per share decreased 26.1% to \$0.34
3. Revenue increased 4.9% to \$1.35 billion
4. Operating income before restructuring costs and amortization increased 5.5% to \$557 million
5. Free cash flow increased 7% to \$169 million
6. Cash flow provided by operating activities increased 7.5% to \$442 million

At current levels Shaw's stock trades at 15.7 times fiscal 2015's estimated earnings per share of \$1.74 and 14.7 times fiscal 2016's estimated earnings per share of \$1.85, both of which are inexpensive compared with the industry average price-to-earnings multiple of 18.9.

Additionally, Shaw pays a monthly dividend of \$0.09875, or \$1.185 per share annually, giving its stock a 4.35% yield at today's levels. The company has also increased its annual dividend payment for 12 consecutive years, and its increased amount of free cash flow could allow this streak to continue for another 12 years at least.

## Which communications company should you buy today?

After comparing the companies' most recent quarterly earnings results, their stocks' valuations, and their dividend yields, I think Rogers Communications represents the better long-term investment opportunity today. It posted stronger earnings results, its stock trades at more attractive forward valuations, and it has a higher dividend yield, making it the clear winner of this match-up. Foolish investors should take a closer look and strongly consider making Rogers a core holding today.

## CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:SJR.B (Shaw Communications)

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