Which Is the Better Investment: Rogers Communications Inc. or BCE Inc.?

Description

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) and **BCE Inc.** (TSX:BCE)(NYSE:BCE) are two companies with more in common than most would expect. Both are large businesses with a national footprint that offer TV, phone, Internet and wireless services. Both have an impressive wireless network built out across the country, and both have an expanding portfolio of digital media acquisitions that include both radio and TV stations.

The ongoing comparison of the services these two offer is so intense that many consumers and investors alike label themselves as either being on team Rogers or team BCE. Let's take a closer look at both.

The case for BCE

BCE is currently trading near $54, off of a 52-week high of $60.20. Looking at the performance of the stock year-to-date, it is flat at 0.41%. However, when looking at the performance over the past year, this improves to over 10%. Looking even further back, a five-year investment provides a return in excess of 70%. This alone makes BCE a candidate for those looking for the long term.

One of the most impressive aspects about BCE is the dividend. The $0.65 quarterly dividend is income from the vast infrastructure that BCE already has built up, and BCE has been distributing those dividends to shareholders for over 100 years. The flip side is that the dividend payout represents a significant source of the total income that BCE earns, so investors seeking significant growth over time may want to reconsider BCE. Income via dividend payments is clearly the focus for selecting this option.

The case for Rogers

Rogers is currently trading just shy of $45, near its 52-week high of $48.50. Year-to-date performance is only just in the red at -1.7%, and expanding out over the course of a full year this improves to 3%. A more respectable picture is painted for the long-term investor, as the five-year rate comes in at over 25%.

Rogers has a quarterly dividend of $0.48, which, while lower than BCE's in terms of per share, represents a lower level of total income that is designated for dividends, meaning there is more financial muscle for Rogers to use for growth, and arguably makes it a safer option. That's not to say that there isn't any room for the dividend payout to grow—it has steadily increased over the years, and is likely to continue to do so.

In terms of growth, Rogers is notorious for adding acquisitions to its portfolio. The recent acquisition of smaller carrier Mobilicity and the outright purchase of spectrum from **Shaw Communications Inc.** demonstrates that this is a company that is set on expanding its footprint further rather than resting on its laurels.

And the better investment is…

This is a tough call. Rogers's aggressive growth agenda and BCE's faithful dividends make either one of these a great option. If I had to choose one at this point, it would be BCE. The dividend it offers is just too hard to pass by, and the steady income it earns could be useful in investing in another stock with a more aggressive path… like Rogers.

CATEGORY

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2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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