



Which of Canada's Big 3 Telecoms Is the Best Long-Term Buy Today?

Description

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)), **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)), and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) are the largest telecommunications companies in Canada, and all three of their stocks represent great long-term investment opportunities today. However, the laws of diversification state that we cannot buy all three, so let's take a quick look at each companies' second-quarter earnings results, their stocks' valuations, and their dividend yields to determine which is the best buy today.

Rogers Communications Inc.

Rogers's stock has risen just under 1% year-to-date, and it has risen about 4% since it announced its second-quarter earnings results on the morning of July 23. Here's a summary of six of the most notable statistics from its report compared with the same period a year ago:

1. Adjusted net income decreased 4.6% to \$412 million
2. Adjusted earnings per share decreased 4.8% to \$0.80
3. Revenue increased 5.9% to \$3.40 billion
4. Adjusted operating profit increased 1.8% to \$1.34 billion
5. Cash provided by operating activities decreased 7.3% to \$1.11 billion
6. Free cash flow increased 9.2% to \$476 million

At current levels, Rogers's stock trades at 15.6 times fiscal 2015's estimated earnings per share of \$2.93 and 14.8 times fiscal 2016's estimated earnings per share of \$3.07, both of which are inexpensive compared with the industry average price-to-earnings multiple of 21.1.

In addition, Rogers pays a quarterly dividend of \$0.48 per share, or \$1.92 per share annually, which gives its stock a 4.2% yield at today's levels. Investors should also note that the company has increased its annual dividend payment for nine consecutive years, and this streak will reach 10 if it maintains its current quarterly rate for the rest of the year.

Telus Corporation

Telus's stock has risen over 6% year-to-date, including a decline of just over 0.5% since it announced its second-quarter earnings results on the morning of August 7. Here's a summary of six of the most notable statistics from its report compared with the same period a year ago:

1. Adjusted net income increased 4.9% to \$406 million
2. Adjusted earnings per share increased 4.8% to \$0.66
3. Operating revenues increased 5.1% to \$3.10 billion
4. Adjusted earnings before interest, taxes, depreciation, and amortization increased 5.1% to \$1.14 billion
5. Cash provided by operating activities increased 10.3% to \$943 million
6. Free cash flow increased 42.9% to \$300 million

At today's levels, Telus's stock trades at 17.9 times fiscal 2015's estimated earnings per share of \$2.48 and 16.1 times fiscal 2016's estimated earnings per share of \$2.76, both of which are inexpensive compared with the industry average price-to-earnings multiple of 21.1.

Additionally, Telus pays a quarterly dividend of \$0.42 per share, or \$1.68 per share annually, giving its stock a 3.8% yield at current levels. It is also important to note that the company has increased its dividend nine times since announcing its multi-year dividend-growth program in May 2011, and it is targeting growth of 10% annually through 2016.

BCE Inc.

BCE's stock has risen about 1% year-to-date, and it has fallen just over 0.5% since it announced its second-quarter earnings results on the morning of August 6. Here's a summary of six of the most notable statistics from its report compared with the same period a year ago:

1. Adjusted net income increased 14.8% to \$735 million
2. Adjusted earnings per share increased 6.1% to \$0.87
3. Operating revenues increased 2% to \$5.33 billion
4. Adjusted earnings before interest, taxes, depreciation, and amortization increased 2.5% to \$2.2 billion
5. Cash flow from operating activities decreased 0.5% to \$1.84 billion
6. Free cash flow increased 14.2% to \$931 million

At current levels, BCE's stock trades at 16.2 times fiscal 2015's estimated earnings per share of \$3.32 and 15.3 times fiscal 2016's estimated earnings per share of \$3.52, both of which are inexpensive compared with the industry average price-to-earnings multiple of 21.1.

In addition, BCE pays a quarterly dividend of \$0.65 per share, or \$2.60 per share annually, which gives its stock a 4.8% yield at today's levels. The company has also increased its annual dividend payment for six consecutive years, and this streak will reach seven if it maintains its current quarterly rate for the rest of the year.

Which stock represents the best long-term buy today?

Here's how each company ranks when directly comparing their second-quarter earnings results, their stocks' valuations, and their dividend yields:

Metric	Rogers	Telus	BCE
Q2 Earnings Strength	3	1	2
Forward Valuations	1	3	2
Dividend Yield	2	3	1
Average Ranking	2	2.3	1.7

As the chart above shows, each company won a category, but BCE came out on top with an overall ranking of 1.7. All Foolish investors should take a closer look and strongly consider making BCE a core holding today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:TU (TELUS)
4. TSX:BCE (BCE Inc.)
5. TSX:RCI.B (Rogers Communications Inc.)
6. TSX:T (TELUS)

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jsolitro

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