Rogers Communications Inc. vs. Shaw Communications Inc.: Which Is the Better Investment?

Description

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) and **Shaw Communications Inc.** (TSX:SJR.B) (NYSE:SJR) are the two behemoths fighting for dominance in consumer living rooms. Both offer TV, phone, and Internet services, and have a wide service footprint across much of the country.

While Rogers does have a significantly larger portfolio overall due to the wireless and media holdings that Shaw lacks, both companies have opportunities for an investor.

As for which of these companies is the better fit for your portfolio, let's take a closer look at both.

The case for Rogers

Rogers currently trades near $44, mid-way between the 52-week low of $40.72 and the high of $47.52. The stock, unlike most of the market, is up by nearly 5% in the past three months. Year-to-date, Rogers is relatively flat with no change in price, but over the course of the past five years the price is up 17%.

Rogers has a quarterly dividend, which increased by 5% this year to $0.48 per share. Rogers has a solid history of raising dividends, and will likely continue to do so. In the most recent quarter, Rogers increased revenues by 6% and increased adjusted profit growth to 2%.

Rogers has made several key acquisitions over the years that have greatly strengthened the company's foothold in key product offerings. Most recently, the company acquired another wireless carrier, Mobilicity, and purchased AWS spectrum from Shaw.

Overall, Rogers represents the best of both worlds—a company that aggressively pursues growth opportunities and provides growing dividend income for investors.

The case for Shaw

Shaw currently trades at $26.29, just over the 52-week low of $25.48. Over the course of the past three months, the stock is down just over 2%, but year-to-date the stock is in the red by 16%. Longer term, the stock is up over 17% in the past five years.

Shaw provides a monthly dividend with an annual payout of $0.96 per share, which is a yield of 4.84%. The dividend has been steadily growing for the past three years.

During the most recent quarter, Shaw reported consolidated revenue of $1.42 billion, representing a 6% increase over the previous year, with free cash flow increasing by 6.7% to $256 million.

The better investment is…

With both stocks trading lower due to recent market conditions, either would make a good addition to diversify a portfolio. In my opinion, however, Rogers is a better option than Shaw.

The larger national footprint, additional service offerings in the media sector, and an overall stronger balance sheet make Rogers the preferred option for investors.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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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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Date
2025/07/25
Date Created
2015/09/11
Author
dafxentiou