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

Description

There is no shortage of companies that offer Internet, wireless, and TV services. The two heavyweights in this category are **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) and **BCE Inc.** (TSX:BCE)(NYSE:BCE).

Both of these companies have a fierce rivalry and, unsurprisingly, both offer nearly identical services in the TV, phone, Internet, and wireless services segments. Additionally, both have impressive national footprints for these services that span across the country, and both have a dizzying array of media acquisitions that span both radio and TV stations.

If the companies are so alike, which one is better for your portfolio? Let's take a look at both.

The case for BCE

BCE currently trades at just below $59, near the 52-week high of $60.20. Over the course of the past three months BCE is up by 7%, and extending this out to a full year, the stock up by 9.75%. Investors that are seeking long-term growth will be more than content with BCE because the five-year increase in price is 70%. The company has outperformed the market in 2015 and looks likely to continue the trend.

One of the most unique attributes of BCE is the dividend. The company pays a quarterly dividend of $0.65 per share for a yield of 4.4%, and BCE has been paying those dividends out for over a century. The company has a record of increasing the dividend–it has been raised consecutively over the past seven years.

As handsome as the dividend is, it represents a significant portion of the revenue for the company, so if an investor's objective is aggressive long-term growth, BCE may not be the best option; recurring income through dividends is the focus when selecting this company.

The case for Rogers

Rogers currently trades at just over $52, closing on the 52-week high of $54.56. In the past three months Rogers has outperformed the market and is up by 11.92%. Extending this out to a full year, the stock is up by 16.23%. Looking over the longer term, the stock is up by 41.29% over the past five years.

Rogers pays out a quarterly dividend $0.48 per share for a yield of 3.66%. The company has also increased dividends over the years and is likely to continue doing so. One notable difference between BCE and Rogers is that Rogers's proportion of dividend payouts to total revenue is lower than that of BCE, meaning there is more room to either increase dividends or invest in growth.

The better investment opportunity is…

Both companies have great dividends and are coming off of great quarters. Both are performing well, beating the market, and both still have room to grow. In my opinion, BCE is a slightly better option than Rogers. BCE's dividend is one of the best available options on the market, and it is too big of an opportunity to pass on.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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

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