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

Description

Investors are often told to diversify investments by picking the better company of two or more that are in the same industry. When it comes to telecommunications and media companies, there are two juggernauts in the Canadian market place: **BCE Inc.** (TSE:BCE)(NYSE:BCE) and **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI).

Here's a look at both of them to see which one represents a better opportunity for investors today.

The case for BCE

BCE has long been known as one of the best dividend stocks on the market. The company has been paying out a dividend at a fair rate for well over a century–something that very few companies can attest to doing. The current quarterly dividend stands at $0.68 per share, which, given the current stock price of $60.78, provides a very healthy yield of 4.49%. In the past six months the stock has risen by 6.6%.

Part of the reason why BCE can pay such a handsome dividend is because the company has vast infrastructure already set up. This allows the company to give a significantly higher payout ratio than some competitors.

That's not to say that there's no growth prospects for BCE. The BCE empire is far greater than telecommunications and media as the company owns radio and TV stations, agencies, and even sports teams. BCE is everywhere and constantly growing.

In the most recent quarter, BCE posted revenues of $5.2 billion.

Recently, the company announced the purchase of the smaller competitor, **Manitoba Telecom Services Inc.** in a deal worth $3.9 billion. The deal, which is subject to regulatory approvals, will add the Manitoban provider of phone, Internet, and wireless services to BCE, enhancing BCE's reach into the western provinces.

The case for Rogers

Rogers is another notoriously known company with many of the same types of holdings as BCE. In fact, both Rogers and BCE are the primary owners of Maple Leaf Sports and Entertainment (MLSE) at 37.5% each. MLSE owns the Toronto Maple Leafs, the Toronto Raptors, and Toronto FC.

Rogers currently trades at $50.59, down 1.46% over the past six months. Looking over a longer period of a full 12 months shows the stock up impressively by 16.03%.

The company pays out a quarterly dividend of $0.48 per share, giving the stock a yield of 3.8%. Rogers's dividend is by no means weak, but it remains secondary to the growth and yield offered by BCE.

In the most recent quarter, Rogers posted total revenues of $3.2 billion.

Last year, Rogers completed the acquisitions of both Mobilicity, a mobile virtual network operator, as well as a significant spectrum purchase from **Shaw Communications Inc**., another wireless competitor that operates mainly in the west of the country.

The better investment is…

BCE Inc. is in my opinion, the better of the two companies to invest in. That's not to say that Rogers is a poor investment; both companies have significant growth prospects and provide a decent dividend to shareholders.

BCE, however, has a better dividend and has been more aggressively pursuing expansion over the past year to not only solidify its position as the largest telecommunications and media company in the country, but to also expand the distance between the top two.

CATEGORY

1. Investing

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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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