



Which Is the Better Investment: Telus Corporation or Shaw Communications Inc.?

Description

Diversify your portfolio.

No matter how many times we hear it, investors need to constantly remember that all-important rule. Fortunately for investors, there are a number of great options to pick from in nearly every sector of the economy.

When it comes to telecommunications companies, two companies that are on the rise are **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)). Here's a look at both companies to see which one is the better investment.

The case for Telus Corporation

Telus has a long-standing reputation as being one of the better investment options on the market with one of the best dividends around. The company currently trades at \$41.57, near the 52-week high of \$45.19. Year-to-date, the stock is up by a respectable 8.65%.

Telus's quarterly dividend currently stands at \$0.46 per share, giving the company a very handsome 4.43% yield. The company has raised this steadily over the past few years and will likely to continue to do so.

Telus has been investing in growth recently; it slated \$1 billion though the next three years to upgrade and build the fibre optic network in Ontario. Telus is also likely to be the primary recipient of up to a third of subscribers from **Manitoba Telecom Services Inc.**, which is part of a \$3.9 billion purchase by **BCE Inc.**

The company also recently sold off part of its international call centre, Telus International. The sale, which was to an Asian private equity firm, is expected to give Telus nearly \$600 million while maintaining a 65% ownership in the firm.

The case for Shaw Communications

Shaw is also one of the largest communications companies in the country and is in the midst of a massive re-alignment to become a pure-play communications company. The company currently trades just shy of \$25 and is up by nearly 5% year-to-date. Shaw pays out a monthly dividend of \$0.10 per share, giving the stock a yield of 4.75%.

In the most recent quarter, Shaw posted earnings per share from continuing operations of \$0.24, a decrease of \$0.04 over the same quarter in the previous year on \$1.15 billion in revenue.

Shaw recently announced the sale of its media business in a reported deal worth \$2.65 billion with **Corus Entertainment Inc.** The CRTC approved the deal earlier this year, which allowed Shaw to not only exit the media business, but to focus on growth in the wireless market.

Shaw used most of the proceeds of the media sale to finance the purchase of Wind Mobile Corp. for \$1.6 billion. Wireless is one area where Shaw lagged behind other telecom companies like Telus. The company plans to build a national network based on Wind's attractive pricing model, hoping to lure customers from the other large carriers.

And the better investment is...

Investors would be more than pleased with either investment. Both companies have growth prospects and pay handsome dividends to shareholders. But the company that, in my opinion, represents the better option is Telus.

Telus already has the national wireless network that Shaw is in the process of building. Shaw is at least several years away from competing with Telus in the wireless segment. Additionally, the influx of subscribers from the MTS deal could spell additional revenues for Telus.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. NYSE:TU (TELUS)
3. TSX:SJR.B (Shaw Communications)
4. TSX:T (TELUS)

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