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

Description

Canada has no shortage of telecommunications companies. Both **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) and **BCE Inc.** (TSX:BCE)(NYSE:BCE) are the two largest telecoms in the country.

Both companies offer wireless and wired phone, internet, and TV services to customers with coverage that blankets the entire country. Both companies also own major sports teams, radio and TV stations, and an assortment of real estate assets.

The two are alike in so many ways that investors looking to add a telecom to their portfolio may be left wondering which is the better investment.

Let's look at the case for both companies.

The case for BCE

In the most recent quarter, BCE reported an increase in net income of 1.1%, coming in at $800 million. Net income attributable to shareholders came in at $752 million, or $0.87 per share. On an adjusted basis, net earnings came in at $784 million, or $0.91, for the quarter.

BCE reported 183,000 new broadband internet, postpaid wireless, and FibeTV customers in the most recent quarter, which contributed to the company's strongest increase in service revenue for the entire year.

The most recent quarter also represented the 44th consecutive quarter of year-over-year EBITDA growth.

One of the most impressive aspects of BCE is the dividend. The company has been paying a healthy dividend for well over a century–something that few other companies in the market today can attest to. BCE has already set up vast infrastructure that blankets the country in terms of coverage, which allows BCE to pay a greater proportion of revenues back as a dividend. The current quarterly dividend of $0.68 per share, which results in a yield of 4.70% at the current stock price.

BCE currently trades at just over $58 per share and has a P/E of just 18.44

The case for Rogers

Rogers is the other telecom behemoth of the country which matches BCE on near equal footing. In the most recent quarter, Rogers reported net income of $220 million–down significantly from the $464 million that was posted in the same quarter last year. Rogers attributes this decrease to higher investment-related services, including the wind-down of the Shomi streaming service.

Consolidated revenue grew by 3%, which was fueled by growth in the wireless segment by 6% and in the media segment by 13%. Cable revenue saw a decrease of 1% in the quarter, but this was offset by internet revenue growth of 11%.

Rogers pays a quarterly dividend in the amount of $0.48 per share, which provides shareholders with an impressive 3.67% yield. The dividend has been steadily raised over the course of the past few years, and there’s little reason to suggest that further increases are not in the future.

Rogers currently trades at just over $52 with a P/E of 23.32.

Which is the better investment?

Both companies represent great investment opportunities, but at this point, BCE is, in my opinion, the better of the two companies to invest in. BCE has stronger results, a better dividend, and it represents better value to investors at this moment.

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Date
2025/07/23
Date Created
2016/11/30
Author
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