What’s the Best Telecom to Invest in for Dividend Income?

Description

Telecom companies have gained in popularity as income investments in recent years, and for good reason. Telecoms, particularly the large ones, pay some of the best dividends on the market that are both secure and stable. Even better, some are also turning their focus to growth over the long term, becoming even better investments.

Here’s a look at the two largest telecoms in the country and how they can add to your portfolio.

BCE Inc.

BCE Inc. (TSX:BCE)(NYSE:BCE) is the largest telecom in Canada with infrastructure that is the envy of the industry. Even better, BCE is a media behemoth; it owns a host of television and radio stations, real estate, and even professional sports teams. BCE’s core business, however, remains the phone, internet, TV, and wireless subscription business.

One of the impressive and fascinating aspects of BCE is how the company affects us in our daily lives. Because of the diverse set of assets the company owns, we are constantly exposed to BCE properties, which also provide multiple sources of revenue for the company.

BCE’s infrastructure forms a key part of this moat as well. Because that infrastructure has been built over the years, BCE can afford to pay a higher dividend. Furthermore, for a new competitor to emerge and challenge BCE in terms of size and coverage would be a mammoth undertaking involving nearly a decade of infrastructure expansion and tens of billions of dollars.

BCE’s quarterly dividend is currently set to $0.68 per share, which results in a yield of 4.71% at the current stock price. The dividend is both safe and stable, and BCE has been paying a dividend to shareholders for well over a century.

Rogers Communications Inc.

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) is the second-largest telecom in Canada — just behind BCE. In fact, Rogers has many of the same types of investments and assets as BCE; it even owns a part of the same sports teams.

That being said, there are plenty of differentiating factors to separate the two. Rogers is in the midst of a transformation the company is dubbing as Rogers 3.0.

Some of the changes being targeted through this transformation are adapting print-magazine publishing schedules to an increasingly online world and winding down unprofitable business ventures, such as the Shomi streaming service.

The transformation also calls for a renewed focus on the wireless segment, which Rogers views (and rightfully so) as the main driver for growth in the company. In the most recent quarter, Rogers posted the strongest revenue and subscriber growth in six years with 114,000 post-paid net additions in the wireless segment — an increase of 37,000 year over year.

Rogers currently pays a quarterly dividend in the amount of $0.48, which results in a yield of 3.78% at the current stock price. Rogers is a great investment opportunity for those investors looking not only for dividend income, but also long-term growth prospects.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/22
Date Created
2017/01/12
Author
dafxentiou