

Evaluating Canada's Largest Telecoms

Description

Canada's telecoms make excellent long-term investment options. This is something that is often mentioned and remains true to this day, despite the growing weariness around the bull market and interest rate hikes.

Both **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) offer similar, if not identical services to customers, both of which now have loyal followings of subscribers that proclaim their choice to be superior over the other.

But which of the telecoms is worthy of an investment? Let's look at the two largest telecoms on the market and examine a case for each.

The case for Rogers Communications Inc.

Rogers is the second-largest carrier in the country, offering customers a suite of internet, TV, wired, and wireless phone services. Over the course of the past few years, the subscription packages have also expanded to include home monitoring services for an additional fee.

Apart from those traditional subscription packages, Rogers owns a media empire of holdings that includes radio and TV stations, as well as ownership of professional sports teams.

In terms of coverage, Rogers has one of the best networks in the nation, with coast-to-coast coverage for its wireless offering, which provides a massive pool of potential subscribers to market to, which is one of two key points for investors to note.

The second point has to do with the company's impressive transformation over the past year under its CEO, Joe Natale.

Natale was brought in to do a reset over the company and bring it forward to the next level. Last year, that focus was on improving customer service and reducing churn, which as of Rogers' most [recent quarterly announcement](#) are now at their best levels in nearly a decade.

This year, that focus is on new technologies such as upgrading 4G networks and prepping for 5G, which will bring with better connectivity options, as well as the introduction of a host of revolutionary new products such as autonomous driving and additional IoT capabilities that are only possible on a faster connection.

As a dividend investment, Rogers currently offers a quarterly payout, which at the current stock price provides a healthy yield of 3.00%. While the yield is a respectable one, Rogers has only hiked that dividend payout three times over the past five years, whereas in the same period, the stock price has appreciated nearly 60%.

The case for BCE Inc.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is the largest telecom in the nation and in addition to providing the same core services as Rogers, BCE also maintains a sizable media empire on par with the media arm of Rogers.

The wireless and internet segments remain the primary growth drivers for BCE, which are both evident from the company's most recent large acquisitions of Manitoba-based wireless provider MTS, and BCE's entry into the home monitoring market through last year's [acquisition of AlarmForce](#).

Both acquisitions worked to expand the massive moat that BCE has placed around, often without us even realizing it. Over the course of a typical day, most, most, if not all of us, will either send or receive something on the BCE wireless network, watch or listen to something that is an asset of the BCE media arm or perhaps attend a sporting event to watch a BCE-owned team play.

That incredible moat makes its way into earnings period, where BCE continues to perform impressively and reward shareholders with a very lucrative dividend. The current quarterly dividend provides an appetizing 5.63% yield, and BCE has maintained annual increases to the dividend going back a decade.

Which is the better investment?

Both Rogers and BCE are compelling investment choices, but the decision to select one over the other will ultimately depend on your long-term goals. Investors who are looking for long-term growth over dividend income will see better gains from investing in Rogers, whereas investors seeking dividend income will first and foremost prefer the lucrative yield that BCE offers.

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. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks

2. Investing

Date

2025/07/05

Date Created

2018/07/23

Author

dafxentiou

default watermark

default watermark