



BCE Inc. (TSX:BCE) vs. Telus Corporation (TSX:T): Which Is the Better Buy Today?

Description

If you're looking for a good dividend stock or just a stable one for your portfolio, both **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **Telus** ([TSX:T](#))([NYSE:TU](#)) could be good options. Both stocks are big pillars in the telecom industry and offer investors some great yields. However, let's take a closer look at each one to see which might be the better option right now.

I'll take a look at their growth, stock performance, dividends, and valuation.

Which one has achieved better growth?

Growth is tough to achieve in an industry with a lot of attrition and customers moving back and forth between companies. However, with rising prices and diversified services, there are ways that telecom companies can continue to grow, especially as the population continues to increase.

Since 2014, Telus has seen its sales rise by a modest 18.2% for a compounded annual growth rate (CAGR) of just 4.3%. Earnings have seen even less growth, rising by just 12.3% during that time. BCE, however, has seen even less sales growth over the same period of time, with its top line increasing by just 11.5%, or a CAGR of 2.8%. Its profits have seen a bit stronger growth, increasing by 17.2%.

Ultimately, there isn't much growth here for investors and it shouldn't be a big determinant in deciding between these two stocks as the difference is nearly negligible.

Which stock has performed better?

Over the past 12 months, both BCE and Telus have achieved modest returns of 7% and 9%, respectively. If we extend that to five years, then the performances are nearly identical, as both stocks have increased by around 24%. Looking ahead, there's little reason to expect much difference either as both companies are going to be facing similar opportunities and challenges.

Which is the better dividend?

BCE currently pays its shareholders a dividend of 5.4% and it recently increased its payouts as well. And in five years, dividend payments have risen by 28% for a CAGR of 5.1%. By comparison, Telus pays a quarterly dividend yielding 4.4% per year and it has risen 51% since 2014, averaging a CAGR of 8.6%.

While BCE has an edge in dividend yield, Telus has been growing its dividend at a higher rate. Ultimately, I'd give BCE the advantage since it'll take a long time for Telus stock to bridge the gap, and that's assuming these growth rates continue to be consistent.

Which stock offers the best value?

If we look at valuation multiples, there's also very little separating these two stocks. Telus trades at around 19 times its earnings, and so too does BCE. Both stocks also trade at around three times their book values and are currently around their 52-week highs.

Bottom line

Besides dividends, there's not a lot that separates these two stocks and it's almost a coin flip. For me, the dividend is simply not enough of a reason to pick BCE, especially given some of the [bad press](#) it has faced and because I'm also [not a big fan of the company](#) overall. Either way, investors will likely see similar performances regardless of which stock they decide to invest in. Both are good, blue-chip dividend stocks that can help grow your portfolio's value.

CATEGORY

1. Dividend Stocks
2. Investing

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