



3 Dividend Stocks to Trust in October

Description

Earlier this month, I'd [discussed income-yielding stocks](#) that investors will be able to trust over the long term. Utilities have been a top focus of mine since late 2018. Central banks made a sharp turn in response to market volatility, and now many policymakers in the developed world have committed to softening interest rates. The Bank of Canada has held firm so far this year, but pressure is building after the United States Federal Reserve cut rates again this month.

Telecom stocks deserve to be paired with utilities in this conversation. The resolution on NAFTA eliminated a broad risk for the industry in 2018, and conditions have [improved for telecom equities](#) since then. These companies also boast a wide economic moat, and the stocks we will cover today offer some of the longest stretches of dividend growth on the TSX.

Cogeco Communications

Cogeco Communications ([TSX:CCA](#)) is a Canadian telecom that operates through three main segments: Canadian broadband services, American broadband services, and Business ICT services. Shares of Cogeco have climbed 66% in 2019 as of close on September 19. The stock has averaged annual returns of nearly 15% over the past decade.

The company released its third-quarter 2019 results on July 10. Revenue rose 3.6% year over year to \$587.3 million, and adjusted EBITDA increased 6% to \$283.9 million. This was driven by 10% revenue growth in its American broadband services segment. Its Canadian segment suffered a 1% decline from the prior year due to decreases in video and telephone services customers.

Cogeco declared a quarterly dividend of \$0.525 per share, representing a modest 1.9% yield. The company has achieved dividend growth for 15 consecutive years.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is one of the Big Three telecommunications providers in Canada. Shares

of BCE have climbed 22.5% in 2019 as of close on September 19. It has achieved average annual returns of 12% over a 10-year period.

Like its peers, BCE has thrived on the back of wireless growth in recent years. In the second quarter of 2019, the company reported 185,667 total wireless, retail internet, and IPTV net customer additions. This was up 25% from the prior year. It posted the best total postpaid and prepaid wireless customer additions in Q2 since 2001. This propelled an 8.2% year-over-year increase in net earnings to \$817 million.

Free cash flow grew 10% in Q2 2019 to \$1.09 billion in Q2 2019. BCE declared a quarterly dividend of \$0.7925 per share. This represents a strong 4.9% yield. The company has posted dividend growth for 11 straight years.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is another one of the Big Three telecom providers in Canada. Its stock has increased 11% in 2019 at the time of this writing. Shares have posted average annual returns of 14% over the past decade.

Wireless was a significant bright spot at Telus in the second quarter of 2019. Customer additions in wireless jumped 45% year over year to 154,000. This included a 19% increase in mobile phone additions to 82,000. Telus achieved consolidated revenue growth of 4.2% in Q2 2019, while EBITDA and net income climbed 9.8% and 31%, respectively.

The board of directors declared a quarterly dividend of \$0.5625 per share, representing a 4.6% yield. Telus is targeting dividend growth between 7% and 10% through to 2022. As of 2019, Telus has increased its dividend payout of 15 years in a row.

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1. Dividend Stocks
2. Investing

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