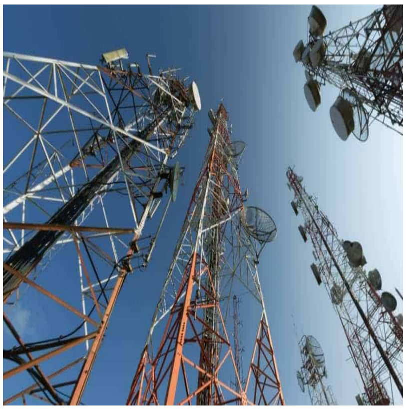

Which Telecom Should You Invest in for 2020?

Description

Canada's Telecoms remain some of the most popular long-term investments on the market.

Apart from operating in a stable and mature environment, Canada's telecoms offer a variety of subscription options, one of which has become a necessity of our modern society.

In case you're wondering, I'm referring wireless data.

In a few short years, mobile devices have moved from serving as an auxiliary communication device to becoming a replacement for dozens of standalone devices ranging from alarm clocks and cameras to radios, media players and even our desktop computers.

So which of Canada's telecoms make for a better investment? That largely depends on whether your goal is primarily geared towards income or growth.

Today we'll take a look at the case for both **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) and **Rogers Communications** (TSX:RCI.B)(NYSE:RCI).

Shaw – Profits are down but Mobile is growing

Shaw Communications made headlines a few years ago by acquiring the assets of Wind mobile. The telecom then raised eyebrows across the segment when it launched its own wireless offering dubbed *Freedom Mobile.*

The appropriately named Freedom Mobile has targeted subscribers of the Big Three by offering attractive plans and contract-free devices.

Since Freedom launched, the carrier has acquired a fair chunk of the Canadian market within a relatively short amount of time. By example, in the most recent quarter, Shaw added 90,700 subscribers to its network, which exceeded the 85,000 subscribers that joined Freedom mobile in the previous year.

Over the balance of the full year, Shaw added 266,000 new subscribers. That's not to say the other segments of Shaw don't have anything to boast about.

Overall the company reported revenue of $1,352 million in the most recent quarter, reflecting a 1.9% increase over the same period last year. Shaw earned $167 million, or $0.32 per share in the period, reflecting a noted decline over the $196 million, or $0.38 per share reported in the same quarter last year.

That drop was attributed to lower equity income as well as the disposition of certain assets pertaining to **Corus Entertainment**.

In terms of a dividend, Shaw offers a monthly distribution that provides an ample 4.32% yield to investors. Notably, Shaw's attractive dividend hasn't been subject to the same annual upticks that some of its peers done, with Shaw opting to invest heavily into expanding Freedom to new markets.

Shaw is clearly a long-term play for investors looking for income and growth-generation.

Rogers – rebuilding to profitability

Rogers Communications is one of Canada's Big Three Telecoms, with wireless coverage that blankets the country. While that may seem like a clear advantage and game-changer over the much smaller Freedom Mobile, there are other aspects to consider.

Let's talk about the sheer size and reach of Rogers. Rogers isn't just a telecom, it's a media empire. In addition to offering the core subscription services you would expect from a telecom, Rogers also boasts a massive media arm that includes dozens of TV and Radio stations, as well as an interest in professional sports teams and venues.

In short, it would be difficult to go through a day in Canada without bouncing off Rogers network or seeing the Rogers name plastered on a stadium or in the credits of a TV program.

In terms of a dividend, Rogers offers a quarterly payout with a more conservative 3.16% yield. Earlier this year, Rogers provided a bump to that dividend- the first such increase in several years.

During that period, Rogers opted to invest into its business segments to drive in more subscribers and pay down its debt.

During the dividend hike announcement, the company alluded to the fact that it would still prioritize paying down its debt and investing into growth over growing its dividend, which should suit growth-minded investors well.

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Date
2025/07/03
Date Created
2019/11/24
Author
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