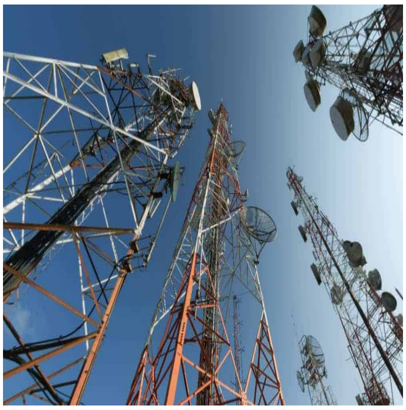

Which Is the Better Telecom to Buy in 2020?

Description

Canada's telecoms are some of the most stable and intriguing investments available on the market. Apart from offering appetizing dividends, telecoms provide increasingly necessary services to consumers. Arguably, some consumers now place the need for a wireless or internet connection on par with their utility service.

In other words, there is an incredible opportunity for investors to realize by investing in telecoms. Today, let's take a look at both **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) and **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) and determine which is better for your portfolio.

Shaw: the underdog that is gaining momentum

Shaw is the undisputed underdog of Canada's telecoms. Due to Shaw's recent entry into the wireless space, it lacks the nationwide coverage that Rogers and its peers enjoy, but in the markets where Shaw does compete, it is doing exceptionally well. In the most recent quarter, wireless revenue saw an impressive 12% year-over-year gain, while EBITDA from the wireless segment saw an equally impressive 30% jump in 2019.

In terms of subscribers, the fourth quarter of fiscal 2019 saw Shaw post record net subscriber additions of 90,700, bringing the total number of net new subscribers in fiscal 2019 to 266,000.

As Shaw continues to roll out the aptly named Freedom Mobile to more markets in 2020, investors can expect both the subscriber and revenue number numbers to continue growing. That growth will also continue to feed Shaw's appetizing dividend, which remains a key reason why investors continue to turn to the stock. The current monthly distribution carries an attractive yield of 4.44%.

Shaw currently trades just over $26 with a P/E 18.90.

Rogers: doing all the right things

If Shaw was the underdog trying to punch above its weight, Rogers would be the incumbent that other telecoms want to be. Rogers offers the standard subscription services with impressive coverage that blankets the country. Rogers also has a large media arm that offers everything from professional sports teams and venues to TV and radio stations, all of which contribute to the company's balance sheet.

That impressive portfolio makes Rogers a hard investment to ignore. In the most recent quarter, the company saw revenues come in near flat over the prior year, with revenues coming in at $3,754 million compared with $3,769 reported in the same period last year.

In terms of earnings, Rogers earned $622 million, or $1.14 per diluted share in the quarter, compared with $625 million, or $1.15 per diluted share in the prior year. Those flat year-over-year numbers contributed to the stock shedding over 8% in 2019 so far, which is incredible considering the defensive nature of the stock.

Rogers offers investors a quarterly dividend, which currently provides a respectable 3.16% yield. While that yield is significantly lower than Shaw and its other telecom peers, Rogers does still hold appeal to longer-term investors who are looking for both income and growth prospects.

Which is better for your portfolio?

Both Rogers and Shaw provide investors with promising long-term prospects. Shaw's growing mobile segment and handsome monthly dividend remain attractive factors for investors, while Rogers's emphasis on reducing its debt and improving its already attractive coverage area could become game-changing factors in the future.

While they both offer investors opportunities for growth, Shaw's long-term prospects through Freedom Mobile and that monthly dividend are proving too hard to ignore at the moment.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/17
Date Created
2019/12/16
Author
dafxentiou