



Forget Telus (TSX:T) — Here Are 2 Stellar Dividend Stock With a Better Value Proposition!

Description

Telus ([TSX:T](#))([NYSE:TU](#)) stock has been on a roll of late, pulling ahead many of its peers in the increasingly crowded Canadian telecom scene.

With arguably the best customer service in an industry that's been plagued with a record number of complaints, it shouldn't be a surprise to see Telus hold its own amid rising competitive pressures.

The company also lacked less desirable media assets compared to the likes of some of its more bloated peers in the space, allowing it to focus on a majority of its efforts and capital on improving the quality of its infrastructure as new telecom tech (like 5G) looks to gradually become the new norm.

The Telus story had been outstanding in 2019, and the results speak for themselves. Telus stock is up 21% since its late-October lows and looks to be picking up momentum as its peers stagnate. But as an investor, you need to focus your efforts on where you think the puck is headed next, not where it's already been.

While there's no question that Telus has been a stellar performer, its multiple is quite frothy as a result, leaving less value to investors looking to jump after the recent upward spike past \$55.

While shares are by no means expensive, they are a tad rich relative to historical averages at 19.2 times trailing earnings and 8.2 times cash flow. The stock looks fairly valued, so I'd urge investors to consider one of the alternative Canadian telecoms if they seek [deeper value](#).

Consider shares of **Quebecor** ([TSX:QBR.B](#)) and **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)), two Canadian telecoms offering more upside at today's valuations.

Quebecor

Unless you reside in the province of Quebec, you've probably never heard of Quebecor or its principal operating subsidiary, Vidéotron. The telecom titan based out of Quebec has focused a vast majority of

its efforts on catering to consumers within the Quebec market — a geographical advantage I believe will pay big dividends as the Canadian telecom scene becomes that much fiercer through the early 2020s.

Stay within your circle of competence is the mantra that Quebecor's managers live by. And while expanding across the country from the Rockies to the Bay of Fundy is a natural next move for such a growthy, yet mature telecom as Quebecor, for the most part, the company has opted to stay within the confines of Quebec.

While competitors could begin to cut it on the turf of Quebecor, it will be harder given the language barrier and the brand equity that's been developed over the years.

In essence, Quebecor has the home-ice advantage. The stock trades at just 14 times next year's expected earnings and 7.4 times cash flow and looks to be a bargain for those seeking defensive exposure.

Shaw Communications

Shaw shed itself of its legacy media investments and is now a player in the wireless scene with the lower cost carrier, Freedom Mobile. The wireless wars have begun, and as a disruptor, Freedom Mobile could stand to take a meaningful amount of market share away from the Big Three incumbents over the coming years.

Shaw is all about the value proposition. As Shaw looks to invest heavily to narrow the network quality gap, heavily indebted Canadian consumers are more likely to switch on over given the now lower switching costs.

Moreover, as Canada's economy grinds to a slowdown (or a recession), Freedom Mobile will be seen as an easy way to save money when it comes time to tighten the belt.

Sure, having the best network, a marketing campaign pushed forth by the Big Three, is ideal. But in the end, it's about value for the money, and Freedom Mobile is still in the early innings of its subscriber growth story.

Given the runway for [growth](#), the stock should command a much higher multiple over its "to-be-disrupted" peers, but it doesn't, with shares trading at 19.3 times trailing earnings, 8.3 times cash flow, and just 7.9 times EV/EBITDA.

If you're in the market for a 4.5% yield and above-average growth, look no further than Shaw stock at \$26 and change.

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2. NYSE:TU (TELUS)
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