Forget BCE (TSX:BCE): Here Are 3 Dividend Stocks If You're Hungry for a Bigger Bargain

Description

BCE (TSX:BCE)(NYSE:BCE) is a dividend darling that now sports a juicy 6.1% dividend yield following the recent coronavirus-induced pullback. With shares of the telecom behemoth now down over 15% from their highs, it may seem like now is a great time to back up the truck on the defensive telecom titan for reliable income as we head into one of the worst recessions since the Great Recession (or even the Great Depression).

Sure, BCE has a ridiculously well-covered dividend (which says a lot given dividend cuts are becoming normalized amid this pandemic). But I can't say that I'm a massive fan of the "discount" on shares at this juncture given the meagre long-term growth prospects.

For a stock trading at nearly 17 times next year's expected earnings, I expect more than just low single-digit growth numbers. Also, I'm not at all a fan of the trajectory of the company's ROIC numbers over the last decade nor the fiercer competitive environment that lies ahead.

While BCE's handsome dividend is safe, I'm skeptical over the firm's abilities to sustain the same magnitude of capital gains it has sported in the past. As such, BCE stock appears to be a fairly valued defensive company at a time where there are many defensive dividend "steals" to be had.

Without further ado, consider the following two dividend plays, which I view as far better bargains than BCE for those seeking to get the most bang per invested buck.

Shaw Communications

Shaw Communications (TSX:SJR.B)(NYSE:SJR) plays the role of a disruptor in Canada's telecom scene. The firm behind the more affordable, albeit inferior wireless carrier Freedom Mobile is not onlyin a position to poach subscribers away from the Big Three incumbents as the feds push for lowertelecom rates for Canadians, but it's also in a spot to thrive in a recessionary environment that will see Canadians tighten the belt on their finances.

The fact that Freedom Mobile is "inferior" to its peers is what makes me so bullish on the carrier headed into the coronavirus-induced recession. In times of economic hardship, the demand for "inferior goods and services" tends to go up, as consumers seek to take every dollar as far as it can go.

As the fourth-largest wireless carrier with around a 5% market share, Freedom Mobile has room to run. This coming recession will accelerate subscriber growth en route to an equal 25% slice of the Canadian wireless pie.

Shaw sport a smaller 5.3% yield, but has much more promising growth prospects relative to the likes of a behemoth like BCE. As such, I'd urge investors to consider shares while they're trading at 17 times next year's expected earnings, which is on par with the likes of BCE.

Quebecor

Quebecor (TSX:QBR.B) is a Quebec-based telecom that's opted to stay within its home province of Quebec, at least, for the most part. If you don't live in Quebec, you've probably never heard of Quebecor or its top operating subsidiary Vidéotron.

But as one of the most efficient telecoms in Canada, it's more than worthwhile for income-oriented investors to consider learning more about the resilient play that's mostly unknown outside of Francophone communities.

Quebecor stock sports a meagre 2.8% dividend yield at the time of writing, but what it lacks in dividend yield, it more than makes up for in capital gains potential.

As a regional telecom, Quebecor has been able to reap the rewards that come with a narrower focus while not running the risk of spreading itself too thin. The telecom titan has substantial brand recognition and deeper penetration in its home market of Quebec.

That's a huge reason why Quebecor has been able to sustain remarkably high ROIC numbers relative to the Big Three incumbents over the last few years.

As new 5G telecom tech is rolled out, I suspect Quebecor could be in a spot to get both its growth and ROIC numbers headed even higher.

For such a profitable and resilient dividend payer, the stock's 13.7 times forward earnings multiple, I believe, makes Quebecor stock look like one of the best bargains on the entire **TSX Index**.

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