



## Rogers or Bell? Which Company Should You Invest \$6,000 In?

### Description

The telecommunication sector is one of the most important to daily life in Canada. This sector includes services such as telephone networks, radio broadcasting systems, computer networks and the internet. From sending a tweet on **Twitter**, to watching the stock market on your laptop, much of Canada uses these services multiple times a day.

Canada's telecommunications sector is set up as an oligopoly. There are a few big companies that have the vast majority of the market share: **Telus**, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), **Rogers Communications** ([TSX:RCI-B](#))([NYSE:RCI](#)), and **Shaw Communications**. Today, I will compare the two of these telecommunications giants: Rogers and BCE.

### Overview

[Rogers Communications](#) is a Canadian communications and media company that was founded in 1960 in Toronto, Canada. It primarily serves the needs of wireless communications, cable television, telephone and Internet connectivity, Rogers is by far the greatest Canadian telecommunications company by market share with over 10.8 million clients.

BCE, formerly known as Bell Canada Enterprises, was founded in 1983. It is currently headquartered in Montreal, Quebec, Canada. The company provides an extensive range of products and solutions for its clients. It is the second largest Canadian telecommunications company by market share with over 9.6 million clients.

### Valuation and performance

In terms of valuation, Rogers Communications only has a \$27.47 billion market cap, while BCE is almost double at \$49.87 billion.

Both companies are valued similarly as judged by their price to earnings ratio. Rogers Communications has a forward price to earnings ratio of 13.77 and BCE has slightly higher forward price to earnings ratio of 16.71. These companies are in line with the **S&P/TSX 60**, which has a forward price to earnings ratio of 17.72.

From 2018 to 2019, Rogers Communications' total revenue decreased from \$15.096 billion to \$15.073 billion. On the contrary, BCE's total revenue grew to \$23.964 billion from \$23.468 billion over the same period.

Investor sentiment to the difference in revenue growth is reflected by the change in each company's respective stock price. Over the past year, Rogers Communications stock price fell 26.91%, while BCE only fell 12.37%. However, on a five-year scale, Rogers Communications has outperformed BCE with a 14.68% gain, while BCE lost 4.74%.

## Brief look at financials

Rogers Communications has a trailing 12-month (TTM) total revenue of \$14.902 billion compared to BCE's TTM total revenue of \$23.910 billion. It is clear that BCE currently has a massive lead over Rogers Communications and may still add to that lead. Regardless of the recent pandemic, both of these companies are on track to beat their 2019 total revenue.

Regarding TTM net income, BCE unexpectedly takes first place with \$3.131 billion. Meanwhile, Rogers Communications only has a TTM net income of \$2.004 billion. These results are fairly reasonable as BCE currently produces a lot more revenue than Rogers.

## Foolish takeaway

It is hard to ignore companies in an oligopoly as their market structure is set up perfectly for success. There is very little competition and new companies will undoubtedly face many obstacles when attempting to catch the incumbents.

The biggest difference that makes [BCE stand out](#) over Rogers Communications is its upper hand in terms of revenue. All other factors considered equal, both Rogers Communications and BCE are great investments to consider in the telecommunications sector.

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1. Bank Stocks
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## TICKERS GLOBAL

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

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jedlloren

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