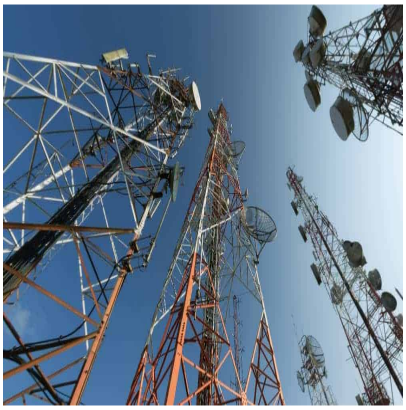

Which Is the Better Telecom Stock?

Description

Canada's telecoms are some of the best long-term, defensive investments on the market. Apart from the recurring revenue stream that they generate, telecoms offer much more. That more includes both a generous (and sometimes growing) dividend as well as ample growth prospects. But which is a better telecom stock for your portfolio?

Today, we'll take a look at both **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) and **Telus** (TSX:T)(NYSE:TU) and try to answer that question.

The case for Telus

Telus is more of a pure-play telecom than Rogers. The company offers national wireless service. Telus also offers wireline, internet, and TV service to growing parts of the country, particularly in the west.

In the most recent quarter, Telus reported net additions of 31,000 subscribers in its wireless segment. This represents a healthy 10,000 subscriber bump over the same period last year. Overall, the company earned $331 million in the most recent quarter.

Turning to dividends, Telus provides investors with a generous quarterly dividend. The current yield works out to an impressive 4.64%. Adding to that appeal is the semi-annual bump to that dividend that the company has provided for well over a decade.

In short, Telus is a great telecom stock for income-seeking investors looking for a buy-and-forget stock. But is it the better telecom stock?

The case for Rogers

Rogers is the larger of the two companies. In addition to that larger size, Rogers does have the benefit of owning a large media segment. That segment includes dozens of radio and TV stations, providingan additional revenue stream for the company.

Like Telus, Rogers's wireless segment blankets the country in coverage. In the most recent quarter, Rogers reported a net gain of 44,000 wireless subscribers. Overall, the company earned $361 million in the quarter, reflecting a 3% gain over the same period last year.

The one area where Rogers differs from its peers is dividends. Several years ago, Rogers decided to jump off the annual dividend-hike bandwagon. The company instead decided to re-invest in itself, paying down debt and using funds to invest in growth.

As a result, the company's financials have improved greatly in recent years. In fact, those stronger financials could be the reason why Rogers announced a $26 billion deal to acquire the fourth-largest carrier, **Shaw**, earlier this year.

That's not to say Rogers won't provide hikes to its dividend, as the last uptick came back in 2019. Additionally, despite not providing that annual bump, Rogers's dividend still provides a respectable 3.21% yield.

Which is the better telecom stock for you?

Answering the better telecom question really depends on your investment priorities. Both stocks offer investors ample growth and income-earning potential. In many ways, the distinguishing factor may be down to whether your preference is for growth or income.

Growth-minded investors will prefer what Rogers has to offer. If the Shaw deal comes to fruition, the company could see significant growth and possibly a dividend hike in the future.

However, if your focus is on income, Telus could be the better telecom stock for your portfolio. Telus's semi-annual hikes and juicy yields are hard to ignore. At the current yield, a $25,000 investment in Telus will provide $1,160 in the first year alone. Factoring in reinvestments and growth, that investment could earn significantly more in just a few years.

CATEGORY

1. Dividend Stocks
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